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Department of
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FRANCHISE DISCLOSURE DOCUMENT

Johnny Rockets Licensing, LLC
A California limited liability company
2 South Pointe Drive, Suite 200
Lake Forest, California 92630-2299
(949) 643-6100
www.johnnyrockets.com

The franchisee will operate either a "Johnny Rockets Traditional Restaurant," "Johnny Rockets Express Restaurant," "Johnny Rockets Drive-Thru Restaurant" or "Johnny Rockets Mobile Kitchen," each of which serves made-to-order hamburgers (fresh, never frozen), crispy fries, chili, hand-spun shakes and malts, classic sandwiches and other menu items in a distinctive setting. We also offer qualifying franchisees the right to develop multiple Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and/or Johnny Rockets Drive-Thru Restaurants under an Area Development Agreement.

The total investment necessary to begin operation of a Johnny Rockets Traditional Restaurant is from $661,500 to $1,115,500, which includes $54,000 to $59,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a Johnny Rockets Express Restaurant is from $605,500 to $988,500, which includes $54,000 to $59,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a Johnny Rockets Drive-Thru Restaurant is from $675,500 to $1,144,000, which includes $30,000 to $35,000 that must be paid to us and our affiliates. The total investment necessary to begin operation of a Johnny Rockets Mobile Kitchen is from $293,500 to $438,500, which includes $30,000 to $35,000 that must be paid to us and our affiliates. The total initial investment necessary to enter into a Johnny Rockets Area Development Agreement is from $60,500 to $207,000 (assuming, for the low end of the range, 3 Johnny Rockets Traditional Restaurants and, for the high end of the range, 10 Johnny Rockets Traditional Restaurants, although this is not a maximum), which includes $60,500 to $207,000 that must be paid to us or our 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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alan Hinson at The Johnny Rockets Group, Inc., 2 South Pointe Drive, Suite 200, Lake Forest, California 92630-2299; Phone: (949) 643-6100.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

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

Issuance Date: April 27, 2017, as amended August 4, 2017, as amended October 11, 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 A for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND MOBILE KITCHEN AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE ARBITRATED AND LITIGATED ONLY WHERE THE PRINCIPAL OFFICES OF JOHNNY ROCKETS LICENSING, LLC ARE LOCATED WHICH CURRENTLY IS ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE OR LITIGATE IN ORANGE COUNTY INSTEAD OF YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND MOBILE KITCHEN AGREEMENT, STATE THAT THE LAW OF THE STATE IN WHICH THE DEVELOPMENT AREA OR JOHNNY ROCKETS FRANCHISE IS LOCATED GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS OTHER LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $293,500 TO $1,144,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF JANUARY 1, 2017, WHICH IS $(7,301,000).

~~3~~4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Registration States Effective Dates: See following page.

STATE EFFECTIVE DATES

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	
HAWAII	
ILLINOIS	
INDIANA	
MARYLAND	
MINNESOTA	
NEW YORK	
NORTH DAKOTA	
RHODE ISLAND	
SOUTH DAKOTA	
VIRGINIA	
WASHINGTON	
WISCONSIN	

In all other states, the effective date of this Franchise Disclosure Document is the Issuance Date of April 27, 2017, as amended August 4, 2017, as amended October 11, 2017.

DISCLOSURES REQUIRED BY MICHIGAN

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

The Michigan notice applies only to franchisees who are residents of Michigan or locate their franchised restaurants in Michigan.

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

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

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

THE FACT 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 shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

The Michigan notice applies only to franchisees who are residents of Michigan or locate their franchised restaurants in Michigan.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us," and "JRL" refer to Johnny Rockets Licensing, LLC, the Franchisor. "You" refers to the person or legal entity that buys the franchise, the Franchisee. If you are a corporation, partnership or limited liability company, certain provisions of this Disclosure Document also apply to your owners and will be noted.

JRL was originally a California corporation incorporated on December 5, 1986. On June 3, 2011, JRL was converted to a California limited liability company. Our principal place of business is 2 South Pointe Drive, Suite 200, Lake Forest, California 92630-2299. We do business under the names "Johnny Rockets", "Johnny Rockets The Original Hamburger", "Johnny Rockets Sports Lounge" and "Johnny Rockets Drive-Thru." JRL does not operate any restaurants. We have franchised Johnny Rockets Traditional Restaurants since 1987, Johnny Rockets Drive-Thru Restaurants since 2014 and Johnny Rockets Express Restaurants since 2015 (unless specifically stated otherwise, Johnny Rockets Traditional Restaurants, Johnny Rockets Drive-Thru Restaurants and Johnny Rockets Express Restaurants are collectively referred to throughout this Disclosure Document as "Johnny Rockets Restaurants" or "Restaurants"). We first began franchising Johnny Rockets Mobile Kitchens in 2010, ceased offering such franchises in 2012, and resumed offering such franchises in 2015. We have not offered franchises in any other line of business. Our agents for service of process in various states are listed in Exhibit A.

Our Parents and Affiliates

Johnny Rockets International, LLC ("JRI") is our direct parent. JRI was originally a California corporation but was converted to a California limited liability company on June 3, 2011. In April 1990, JRL became a wholly-owned subsidiary of JRI. JRI has owned and operated Johnny Rockets Restaurants since its inception in August 1988. In October 1996, JRI became a wholly-owned subsidiary of The Johnny Rockets Group, Inc. ("TJRG"), a Delaware corporation. TJRG is a wholly-owned subsidiary of JR Group Holdings, LLC ("JRGH"), a Delaware limited liability company. JRI, TJRG and JRGH have the same corporate address as JRL.

In June 2013, JRGH became a wholly-owned subsidiary of Johnny Rockets Holding Co. ("JRHC"), a newly-formed Delaware corporation. JRHC's principal place of business is the same as JRL. JRHC is a wholly-owned subsidiary of Sundae Group Holdings I, LLC ("Sundae Group Holdings"), a Delaware limited liability company located at 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486. Sundae Group Holdings is our ultimate parent company.

As of January 1, 2017, JRI and TJRG operated 25 Johnny Rockets Restaurants. Except as noted below, none of our parents or affiliates (including TJRG, JRI, JRGH, JRHC and Sundae Group Holdings) have ever offered franchises for Johnny Rockets Restaurants, Johnny Rockets Mobile Kitchens or in any other line of business. TJRG and JRI occasionally sell to our franchisees existing Johnny Rockets Restaurants that are operated by TJRG or JRI.

We are affiliated with a portfolio of companies owned by Sun Capital Partners, Inc. ("Sun Capital") located at 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486. The following are the Sun Capital affiliates that offered franchises in the 2016 fiscal year:

1. BL Restaurant Franchises, LLC ("Bar Louie") has operated Bar Louie restaurants since 1990 and has offered franchises since 2005. As of the end of its last fiscal year (December 28, 2016), Bar Louie had a total of 98 company-owned and 25 franchised restaurants operating in 27 states and the District of Columbia and no foreign countries. Bar Louie's principal address is 4550 Beltway Drive, Addison, Texas 75001. Bar Louie has not offered franchises in any other line of business.

2. Friendly's Franchising, LLC ("Friendly's") and its predecessor Friendly's Restaurants Franchise, LLC, has offered Friendly's® franchises since 1996. In October 2011, Friendly's parent, Friendly's Ice Cream Corporation ("Friendly's Corp"), filed petitions for bankruptcy under Chapter 11 of the US Bankruptcy Code and on January 9, 2012, Friendly's Corp sold all of its assets (including Friendly's) to Friendly's Ice Cream, LLC and its subsidiaries. As of the end of its last fiscal year (January 1, 2017), the Friendly's restaurant system had a total of 118 company-owned restaurants and 122 franchised restaurants operating in 14 states and no foreign countries. Friendly's principal address is 1855 Boston Road, Wilbraham, Massachusetts 01095. Friendly's has not offered franchises in any other line of business.

Pursuant to a Shared Services Agreement effective as of July 27, 2016, certain employees of FIC Restaurants, Inc. ("FICR") may be directed, as independent contractors acting on our behalf, to fulfill some of our duties and obligations under existing and future franchise agreements and development agreements, including marketing and offering new and renewal franchise agreements and development agreements, identifying and developing new locations and providing required support to franchisees. Pursuant to the same Shared Services Agreement, certain employees of TJRG may be directed, as independent contractors, to fulfill some of the Friendly's duties and obligations under their existing and future franchise agreements and development agreements. Friendly's restaurants operate under the trademark FRIENDLY'S®. Effective September 12, 2017, we restructured our management team. As a result, the Johnny Rockets and Friendly's systems share common senior management. See Item 2.

None of our parents or affiliates currently provide products or services to our franchisees, but reserve the right to do so in the future. We have no other parents or affiliates that must be included in this Item. We do not have any predecessors.

Johnny Rockets Restaurants

Johnny Rockets Restaurants offer a menu of lunch and dinner products featuring made-to-order hamburgers (fresh, never frozen), crispy fries, chili, hand-spun shakes and malts, classic sandwiches and other menu items in a distinctive setting. Some Johnny Rockets Restaurants may serve breakfast and some may serve beer and wine. The menu items offered at a Johnny Rockets Restaurant may vary depending on the size, type (e.g., Johnny Rockets Traditional Restaurant, Johnny Rockets Express Restaurant, Johnny Rockets Drive-Thru Restaurant or Johnny Rockets Mobile Kitchen) and location of the Restaurant. Some Johnny Rockets Restaurants also offer for sale certain branded merchandise including clothing, souvenirs, and novelty items. All Johnny Rockets Restaurants must be operated using unique and distinctive systems developed by JRL, which include distinctive restaurant layouts and designs, equipment specifications, plans and advertising, specifically designed packaging materials, proprietary business forms and accounting systems, proprietary seasonings, approved vendors, Johnny Rockets' Confidential Operations Manuals ("Manuals"), training courses and procedures for the distribution of products ("Johnny Rockets System").

There are several formats of Johnny Rockets Restaurants, which are described below.

1. Johnny Rockets Traditional Restaurants. Johnny Rockets Traditional Restaurants operate in the style of a classic Americana sit-down restaurant where customers are seated and provided table service. Johnny Rockets Traditional Restaurants operate in several types of venues, typically in high traffic/high density areas, such as entertainment centers, tourist areas, specialty/lifestyle centers and downtown shopping districts. Johnny Rockets Traditional Restaurants operate under the "Johnny Rockets" and/or "Johnny Rockets The Original Hamburger" trademark. The typical Johnny Rockets Traditional Restaurant building size ranges between 1,800 to 3,500 square feet in addition to an optional 400 square foot patio. If you operate a Johnny Rockets Traditional Restaurant, you will sign a Restaurant Franchise Agreement (Exhibit B-1), which will designate on

its Exhibit "A" that the Restaurant Franchise Agreement will govern your operation of a Johnny Rockets Traditional Restaurant.

2. Johnny Rockets Express Restaurants. Johnny Rockets Express Restaurants operate in the fast-casual format with orders placed at a counter and paid for at the time of the order. Johnny Rockets Express Restaurants operate in several types of venues, typically entertainment-centered malls, theater complexes, travel plazas or airports. Johnny Rockets Express Restaurants primarily operate under the "Johnny Rockets Express" trademark. The typical Johnny Rockets Express Restaurant building size ranges between 700 to 1,750 square feet. In some instances, a Johnny Rockets Express Restaurant will have a more limited menu than a Johnny Rockets Traditional Restaurant. If you operate a Johnny Rockets Express Restaurant, you will sign a Restaurant Franchise Agreement (Exhibit B-1), which will designate on its Exhibit "A" that the Restaurant Franchise Agreement will govern your operation of a Johnny Rockets Express Restaurant. As stated above, except as otherwise expressly noted, all disclosures in this Disclosure Document regarding a "Johnny Rockets Restaurant" or a "Restaurant" apply to a Johnny Rockets Express Restaurant.

3. Johnny Rockets Drive-Thru Restaurants. Johnny Rockets Drive-Thru Restaurants must have an automobile drive-thru and operate as free-standing units or as part of a travel center, C-store or gas station. Johnny Rockets Drive-Thru Restaurants operate in several types of venues, typically off major freeways for on-the-go consumers. Johnny Rockets Drive-Thru Restaurants primarily operate under the "Johnny Rockets" trademark and the "Johnny Rockets Drive-Thru" trade name. The typical Johnny Rockets Drive-Thru Restaurant building size ranges from 1,800 to 3,500 square feet. In some instances, a Johnny Rockets Drive-Thru Restaurant will have a more limited menu than a Johnny Rockets Traditional Restaurant. If you operate a Johnny Rockets Drive-Thru Restaurant, you will sign a Restaurant Franchise Agreement (Exhibit B-1), which will designate on its Exhibit "A" that the Restaurant Franchise Agreement will govern your operation of a Johnny Rockets Drive-Thru Restaurant. As stated above, except as otherwise expressly noted, all disclosures in this Disclosure Document regarding a "Johnny Rockets Restaurant" or a "Restaurant" apply to a Johnny Rockets Drive-Thru Restaurant.

4. Johnny Rockets Mobile Kitchens. Johnny Rockets Mobile Kitchens operate within a self-contained mobile unit. A Johnny Rockets Mobile Kitchen may take the form of a catering food truck operating with its own motor or a food trailer which, instead of using its own motor, if it is to be moved, is towed by a separate operating vehicle (collectively, the "Mobile Kitchen"). Mobile Kitchens offer a limited menu of hamburgers, fries, shakes, malts and other items. Mobile Kitchens are typically between 200 to 460 square feet. Mobile Kitchens operate using a distinctive and unique system developed by JRL, which includes a distinctive Mobile Kitchen layout and design, equipment specifications, plans and advertising, specifically designed packaging materials, proprietary business forms and accounting systems, proprietary seasonings, approved vendors, Johnny Rockets' Manuals, training courses and procedures for the distribution of the products (the "Mobile Kitchen System"). You must purchase your Mobile Kitchen from one of our approved manufacturers. The layout and design of your Mobile Kitchen must conform with our then-current design and layout specifications, which will be provided to our approved Mobile Kitchen manufacturers. Mobile Kitchens must operate inside a specified operation area (the "Operation Area"). If you operate a Mobile Kitchen, you will sign a Mobile Kitchen Franchise Agreement (Exhibit B-2).

5. Johnny Rockets Sports Lounges. Johnny Rockets Sports Lounges have a design, layout and atmosphere similar to a typical sports bar. Johnny Rockets Sports Lounges operate in several types of venues, typically in amusement parks, hotels and other entertainment oriented venues. We are

not currently offering franchises for Johnny Rockets Sports Lounges but we have offered franchises for Johnny Rockets Sports Lounges in the past.

Area Development Agreement

If you are approved as a franchisee, you may develop and operate one Restaurant under a Restaurant Franchise Agreement (Exhibit B-1) or, if you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Restaurants under an Area Development Agreement (Exhibit C). For each Restaurant you open under your Area Development Agreement, after we approve the site for the restaurant ("Restaurant Site"), you must sign a separate Restaurant Franchise Agreement for each site on our then-current form of Restaurant Franchise Agreement.

If you are an existing Johnny Rockets Restaurant franchisee, and are signing the Restaurant Franchise Agreement for the development of an additional Restaurant, you must sign a General Release (Exhibit E), which releases, effective as of the date of signing of the Restaurant Franchise Agreement, all claims you may have against JRL and our officers, directors, shareholders and employees, in their corporate and individual capacities, including claims arising under federal, state and local laws, rules and ordinances.

Rules and Regulations/Market Competition

You must comply with all local, state and federal laws and regulations applicable to the operation of your Restaurant or Mobile Kitchen, including health, sanitation, food and beverage handling, food preparation, waste disposal, smoking restrictions and advertising and point-of-sale disclosures, including statements concerning the nutritional and dietary characteristics of the food served at your Restaurant or Mobile Kitchen. If you offer beer and wine at your Restaurant or Mobile Kitchen, you must comply with all laws relating to the sale of beer and wine, including obtaining all necessary licenses and permits. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning all laws and regulations that may affect your Restaurant or Mobile Kitchen operations.

The restaurant business is highly competitive. You will compete with quick-service and casual dining restaurants, including national and regional restaurant chains. The ability of each Restaurant or Mobile Kitchen to compete depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control. Additionally, Johnny Rockets Mobile Kitchen franchisees may face competition from local competitors in the food truck industry, each offering a particular food type. In addition to the factors listed above, the ability of a Mobile Kitchen to compete also depends upon its ability to obtain the licenses required by the municipalities in the Operation Area (certain municipalities restrict the licensing or operation of food trucks). Additionally, certain municipalities have regulations which restrict (i) the areas in which food trucks operate; (ii) the amount of time that food trucks are allowed to stop and wait for customers or are allowed to operate from one location; and, (iii) the proximity from brick-and-mortar restaurants which food trucks may park, as well as place specialized food safety and sanitary permits and regulations. By way of example, Oregon's Food Sanitation Rules (OR. Admin. R. 333-150-0000, (Or. Admin. R. 2006)) require that food trucks obtain a license after a review from the Environmental Health Department, and all workers must have a food handler's certificate.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer~~ and Secretary~~: John M. Maguire

Mr. Maguire joined JRL ~~in July 2016, serving~~ as President, Chief Executive Officer and Secretary ~~until~~in July 2016. In August 2017~~ and then serving as only~~, he served as Chief Executive Officer and Secretary~~. In addition, since June 2016, Mr. Maguire has been~~, and since September 12, 2017, he has continued to serve as Chief Executive Officer. He also serves as President and Chief Executive Officer of Friendly's~~, located in Wilbraham, Massachusetts,~~ Franchising, LLC ("Friendly's") and ~~of~~ its parent, FIC Restaurants, Inc.~~, formerly known as Friendly's GCA, Inc.~~ ("FICR")~~, also~~ and FICR's predecessor, Friendly's Ice Cream, LLC, since May 2012. Friendly's is located in Wilbraham, Massachusetts.~~ From May 2012 to June 2016, he served in the same capacity for the predecessors of Friendly's, in Wilbraham, Massachusetts. From April 2005 to May 2012, Mr. Maguire served as Chief Operating Officer of Panera Bread in Needham, Massachusetts.~~

President: Michael Nolan

Mr. Nolan joined JRL in August 2017 as President. Prior to joining JRL, Mr. Nolan served as President of Little Brown Box Pizza, LLC (d/b/a Pieology Pizzeria) in Rancho Santa Margarita, California from March 2017 to July 2017; as Chief Executive Officer and President of Icon Burger Acquisition LLC (d/b/a Smashburger) in Denver, Colorado from February 2016 to November 2016; as Chief Development Officer for IFCB LLC (the owner of the Corner Bakery ~~Café~~ Concept) in Dallas, Texas from May 2014 to January 2016; and~~,~~ as Chief Development Officer for Bloomin' Brands, Inc. in Tampa, Florida from June 2012 to March 2014.

Executive Vice President, Chief Operating Officer – Dennis E. Pfaff

Dennis Pfaff was appointed Chief Operating Officer of both JRL and Friendly's on September 12, 2017. He served Friendly's as Senior Director of Operations from April 2016 to September 2017. From November 2013 to April 2016, he served Friendly's as Regional Vice President of Operations. From April 2011 to November 2013, Mr. Pfaff served as Regional Vice President of Operations for Darden Restaurants, Inc. in Orlando, Florida.

Executive Vice President, Chief Financial Officer, Treasurer and ~~Assistant~~ Secretary: T. Todd Schwendenmann

Mr. Schwendenmann ~~joined~~has served JRL ~~in July 2016~~ as Chief Financial Officer, Treasurer and Assistant Secretary~~. In addition, since June 2016, Mr. Schwendenmann has been~~ since July 2016. On September 12, 2017, he was also appointed Secretary of JRL. He also serves Friendly's and FICR as Executive Vice President~~ and~~, Chief Financial Officer ~~of Friendly's and of its parent, FICR (both located in Wilbraham, Massachusetts). From~~and Secretary, since August 2014~~ to June 2016, he served in the same capacity for the predecessors of Friendly's, in Wilbraham, Massachusetts~~. From January 2012 to August 2014, he served as Treasurer of Friendly's and ~~of its parent,~~ FICR.

Executive Vice President, Chief Development and Franchise Officer: David N. Ulgenalp

Mr. Ulgenalp joined JRL in July 2017 as Chief Development Officer and was appointed Executive Vice President, Chief Development and Franchise Officer of both JRL and Friendly's on September 12, 2017. In addition, Mr. Ulgenalp has been the Executive Vice President and Chief Development Officer of Friendly's and ~~its parent,~~ FICR ~~(both located in Wilbraham, Massachusetts), since~~in June 2016. He also previously served in the following positions for Friendly's and the predecessors of ~~Friendly's in Wilbraham, Massachusetts~~FICR: from April 2016~~,~~ to June 2016~~,~~ in the same capacity; from February 2013 to April 2016, as Senior Vice President and Chief

Development Officer~~;~~ and~~,~~ from September 2012 to January 2013, as Senior Vice President, Franchise Sales and Development~~. From September 2011 to August 2012, Mr. Ulgenalp served as Manager of Ugies, LLC in Tarpon Springs, Florida~~ of Friendly's.

Executive Vice President, Chief Marketing Officer~~:~~ – Randolph P. (Randy) Davis

Mr. Davis joined JRL in July 2017 as Chief Marketing Officer and was appointed Executive Vice President, Chief Marketing Officer of JRL on September 12, 2017. In addition, Mr. Davis has been the Executive Vice President, Chief Marketing Officer of Friendly's and ~~its parent,~~ FICR ~~(both located in Wilbraham, Massachusetts)~~ since June 2016. From August 2014 to June 2016, he served in the same capacity, for Friendly's and the predecessors of ~~Friendly's, in Wilbraham, Massachusetts.~~ FICR. From April 2006 to August 2014, Mr. Davis served as Chief Concepts Officer of Family Life Success, Inc. in Stillwell, Kansas.

Vice President, Franchise & Real Estate Counsel – Stephanie Doan

Stephanie Doan was appointed Vice President, Franchise and Real Estate Counsel of both JRL and Friendly's on September 29, 2017. From October 2016 to September 2017, she served as Vice President, General Counsel for Stone Song, LLC, in St. Paul, Minnesota, and from June, 2011 to October 2016, she served as Vice President, General Counsel and Secretary for Amplifon (USA), Inc, in Plymouth, Michigan.

~~Senior~~ Vice President of ~~Operations: Jim Hicks~~Domestic Development – David L. Panella

~~Mr. Hicks joined JRL in February 2015 as Senior Vice President of Operations. From October 2013 until February 2015, he served as Vice President, Operations Services for Yoshinoya America, Inc., in Torrance, California. From April 2007 until October 2013, he was employed by Fresh Enterprises, LLC, in Irvine, California, where he first served as Director, Operations Services Training & Development, and was later promoted to Senior Director Operations, Training & Development in February 2012.~~

David Panella was appointed Vice President of Domestic Development of JRL, Friendly's and FICR on September 16, 2017. From June 2013 to September 2017, he served Friendly's and FICR as Senior Director of Design and Construction and from October 2009 to June 2013 he served Friendly's and FICR as Director of Design & Construction.

Executive Director, Legal Services and Assistant Secretary: Alan Hinson

Mr. Hinson joined JRL in November 2004 as Manager, Development Services, was promoted to Director, Development Services, in May 2006, and was then promoted to his current position in June 2008. He was elected Assistant Secretary in November 2007.

Vice President, Development: Dominic Talavera

Mr. Talavera joined JRL in August 2011as Manager, Facility Design and Construction, and was then promoted to Director of Development in July 2013, to Senior Director of Development in March 2015, and then to his current position in January 2016.

Director of Franchise Sales and Real Estate: Gene Savage

Mr. Savage joined JRL in December 2014 as Director of Franchise Sales and Real Estate. From December 2011 until November 2014 he served as Director of Franchise Sales for FSC Franchise Co., LLC, in Tampa, Florida. –

Since October 10, 2016, Mr. Savage also serves Friendly's as Director of Franchise Sales~~: Crystal Wells~~.

~~Ms. Wells joined JRL in March 2008 as Administrative Assistant, was then promoted to Office Administrator in August 2010, to Development Assistant in August 2012, to Franchise Development Manager in July 2014, and then to her current position in January 2016.~~

~~**Vice President, Operations Services and Training: Jim Kensinger**~~

~~Mr. Kensinger joined JRL in May 2015 as Vice President, Operations Services and Training. From October 1973 through April 2015 he was employed by Catalina Restaurant Group, Inc., in Carlsbad, California, where he served in various positions in Operations until he was promoted to Executive Vice President of Operations in June 2008, and to Executive Vice President Administration in April 2013.~~

ITEM 3

LITIGATION

John of Arc Inc., et al v. The Johnny Rockets Group, Inc., Johnny Rockets Licensing, LLC, The Coca-Cola Company, Inc., Redzone Capital Management Company, LLC, WFI Stadium Inc, et al.; Superior Court of the State of California, County of Orange; Case No. 00849339CXC; Filed: April 29, 2016.

On April 29, 2016, a class action lawsuit was filed against us, Johnny Rockets Group, Inc. (collectively, "Johnny Rockets"), The Coca-Cola Company, Inc., Redzone Capital Management Company and WFI Stadium, Inc. The class is defined as all Johnny Rockets franchisees from January 1, 2007 up to and including the date of class certification. The complaint alleges fraud, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, interference with prospective economic relations and violation of the California Unfair Practices Act, based upon allegations that (i) Johnny Rockets received "secret rebates" from Coca-Cola based upon purchases of Coca-Cola syrup by its franchisees, and (ii) Johnny Rockets had an opportunity to purchase Pepsi Cola syrup at a lower cost and, because of that, should have changed from Coca-Cola to Pepsi Cola. The complaint seeks damages, restitution, an injunction and attorney's fees. In July 2016, the case was removed to the U.S. District Court, Central District of California (Southern Division), where Johnny Rockets, joined by the other defendants, moved to compel arbitration and for a stay. On September 7, 2016, Johnny Rockets' motion was granted. The case is currently stayed pending arbitration; however, arbitration proceedings have not yet commenced. Johnny Rockets intends to vigorously defend the matter.

Other than the above action, there is no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

On October 5, 2011, Friendly's Restaurants Franchise, LLC, along with its parent, Friendly Ice Cream Corporation, and several affiliates (the "Debtors") filed petitions in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of the United States Bankruptcy Code. These petitions are jointly administered on the docket as Case No. 11-13167. On June 28, 2012, the plan for liquidation of the Debtors was confirmed by the Court. Liquidation is proceeding. Todd Schwendenmann was Treasurer, and David Panella was Director of Design and Construction, of the Debtors. We have no affiliation with the Debtors.

On December 15, 2010, EmVee TV, LLC, of 15737 Roosevelt Blvd., Clearwater, FL 33760, filed a petition in the United States Bankruptcy Court for the Middle District of Florida under Chapter 11 of the United States Bankruptcy Code as Case No. 8:10-bk-29798-KRM. David Ulgenalp, our Executive Vice President, Chief Development and Franchise Officer, was the Chief Operating Officer at EmVee TV, LLC from September 2009 to

December 2010. The bankruptcy was discharged on February 4, 2013. We have no affiliation with EmVee TV, LLC.

Other than the above ~~description~~descriptions, no bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee (Restaurants and Mobile Kitchen)

Subject to the provisions below, we currently charge an Initial Franchise Fee of $49,000 for a Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant and an Initial Franchise Fee of $25,000 for a Johnny Rockets Drive-Thru Restaurant or Johnny Rockets Mobile Kitchen. Unless you have signed an Area Development Agreement, the Initial Franchise Fee is due in one lump sum when you sign the Restaurant Franchise Agreement or Mobile Kitchen Franchise Agreement. No portion of the Initial Franchise Fee is refundable. To provide support to the veterans of the United States military, we offer qualified United States military veterans a 25% discount on the Initial Franchise Fee, which program is described in more detail below.

During JRL's last fiscal year, we collected Initial Franchise Fees for Johnny Rockets Traditional Restaurants ranging from $0 to $49,000. The instances where less than $49,000 was collected were the result of multi-unit commitments in non-traditional venues, such as amusement parks, casinos and universities, where operations are normally seasonal or sporadic.

Area Development Fee (Restaurants Only)

If you enter into an Area Development Agreement, you must pay us an Area Development Fee equal to $20,000 multiplied by the number of Restaurants to be developed, which may be any combination of Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and/or Johnny Rockets Drive-Thru Restaurants. Currently, we do not offer Area Development Agreements for Mobile Kitchens. The Area Development Fee is due in one lump sum when you sign the Area Development Agreement. For each Restaurant you develop under the Area Development Agreement, you will receive a credit of $20,000 against the Initial Franchise Fee when you sign the Franchise Agreement for the particular Restaurant.

The Initial Franchise Fee you will pay for each Johnny Rockets Drive-Thru Restaurant to be developed under the Area Development Agreement will be $25,000 regardless of the total number of Restaurants you agree to develop under the Area Development Agreement. The Initial Franchise Fee you will pay for each Johnny Rockets Traditional Restaurant and/or Johnny Rockets Express Restaurant to be developed under the Area Development Agreement will vary based on the total number of Restaurants (including Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and Johnny Rockets Drive-Thru Restaurants) you agree to develop under the Area Development Agreement as set forth in the following schedule:

Total Number of Restaurants You Agree to Open (which may include any combination of Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and Johnny Rockets Drive-Thru Restaurants)	Initial Franchise Fee for Johnny Rockets Traditional Restaurants and Johnny Rockets Express Restaurants
1 Restaurant	$49,000 for a single Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant.
2-5 Restaurants	$49,000 for the first Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant and $45,000 for each of the next 4 Johnny Rockets Traditional Restaurants and/or Johnny Rockets Express Restaurants.
6 or more Restaurants	$49,000 for the first Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant, $45,000 for each of the next 4 Johnny Rockets Traditional Restaurants and/or Johnny Rockets Express Restaurants, and $40,000 for the 6th Restaurant and for each additional Johnny Rockets Traditional Restaurant and/or Johnny Rockets Express Restaurant developed thereafter as required by the Area Development Agreement

We reserve the right to waive or defer all or a part of the Area Development Fee under certain circumstances where allowed by applicable law, and where an adjustment is warranted. An adjustment may be warranted depending on location expenses, number of Restaurants to be developed, or other similar demographic or economic factors. There is no formula by which the amount of the adjustment can be determined, as we evaluate each situation on an individual basis.

You must also reimburse us for our legal, accounting and other professional fees in excess of $5,000 incurred in connection with the negotiation and signing of the Area Development Agreement and related addenda and exhibits. The Area Development Fee and the reimbursement of our legal, accounting and other professional fees are fully earned by us when paid, and are not refundable under any circumstances.

Training Fee (Restaurant and Mobile Kitchen)

For your first Restaurant or Mobile Kitchen, there is no charge for you (or, in the case where you are a corporation or other legal entity, a principal or your "Control Person" as defined below) and up to three additional persons you designate as the managers or assistant managers responsible for the operation of the Restaurant or Mobile Kitchen to attend our Management Training Program. A minimum of two persons, one of which is you or your Control Person (as defined below), are required to complete our Management Training Program prior to the opening of your first Restaurant or Mobile Kitchen. For the second and third Restaurants or Mobile Kitchens that you develop, there is no charge for our Management Training Program for two persons you designate as the managers or assistant managers responsible for the operation of those Restaurants or Mobile Kitchens, both of which are required to complete the training. Except as otherwise noted above in this paragraph, you will be required to pay us for any additional training we provide to you or your employees. For Restaurants, we charge a Management Training Fee of $4,000 for each additional individual that attends our entire Restaurant Management Training Program. For Mobile Kitchens, we charge a Management Training Fee of $3,000 for each additional individual that attends our entire Mobile Kitchen Management Training Program. If the entire Management Training Program is not necessary for the additional training, a fee for such additional training will be agreed to by the parties before such management training begins. You also must pay the Management Training Fee for training

replacement managers for any person who fails to complete the Management Training Program to our satisfaction and for additional personnel. Training Fees are not refundable under any circumstances. You must pay all costs and expenses attributable to the travel, room, board and wages of you and your Control Person, managers and assistant managers.

"Control Person" is the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant or Mobile Kitchen, is responsible for overseeing the general management of the day-to-day operations of the Restaurant or Mobile Kitchen and has authority to sign on your behalf on all contracts and commercial documents. The Control Person must be listed in your Franchise Application.

If you schedule any training and subsequently delay or reschedule the training, you will be responsible for paying JRL all costs and expenses it incurs as a result of the delay or rescheduling (the "Cancellation Fee").

Grand Opening Publicity Support Fee (Restaurant and Mobile Kitchen)

Concurrent with the payment of your Initial Franchise Fee, you must pay us a Grand Opening Publicity Support Fee in an amount ranging from $5,000 to $10,000, depending on the size and location of your Restaurant or the size of the Operation Area of your Mobile Kitchen. At least 90 days prior to the scheduled opening of your Restaurant or Mobile Kitchen, you must submit to us a Grand Opening Publicity Plan for approval. The Grand Opening Publicity Support Fee will be used to pay for the promotional and publicity events identified in your approved Grand Opening Publicity Plan. The Grand Opening Publicity Support Fee may be paid by check or electronic funds transfer, and will be deposited in an account with other marketing fees. Upon our receipt of paid invoices from you for approved promotional and publicity events pursuant to your Grand Opening Publicity Support Plan, you will be reimbursed from your Grand Opening Publicity Support Fee. Any such paid invoices must be submitted for reimbursement no later than 90 days after the opening of your Restaurant or Mobile Kitchen or such invoices will not be reimbursed. Any amount of the Grand Opening Publicity Support Fee not paid to you as a result of your failure to submit a paid invoice to us as required above, will be forfeited and paid into the Fund (as defined in Item 11 below). All promotional, publicity and/or advertising materials, including, but not limited to, Internet advertising, must be approved by us before use.

United States Military Veteran Program

In order to qualify and participate in our VetFran Program, you must be United States veteran with a DD Form 214; be new to the Johnny Rockets System; own a majority interest in the franchised Restaurant or Mobile Kitchen; and, otherwise meet the requirements of our VetFran Program ("VetFran Participant"). If you qualify as a VetFran Participant, we will offer you a 25% discount on the Initial Franchise Fee. We may modify or discontinue the VetFran Program at any time.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Weekly Royalty Fee	5% of Weekly Gross Sales	Payable weekly for the calendar week ending on Sunday at 12:00 p.m. on or before Friday of the next week	See Note 2 for a definition of Weekly Gross Sales.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Weekly Marketing Fee	Up to 4% of Weekly Gross Sales. Currently, the Weekly Marketing Fee is 1.75%, but we may increase the fee to an amount not to exceed 4.0%.	Same as Weekly Royalty Fee	We may, on 30 days' notice, suspend, reinstate, or vary the Weekly Marketing Fee to an amount not to exceed 4% of Weekly Gross Sales.
Cooperative Advertising	Up to 3% of Weekly Gross Sales	To be established by each Co-Op Advertising Region. If we establish a Co-Op Advertising Region we presently anticipate that it will be governed by written articles and bylaws, which will be approved by a majority vote, based on one vote per Johnny Rockets Restaurant or Mobile Kitchen owned in each region.	If JRL forms a Co-Op Advertising Region, you must contribute to the Co-Op. Any amount you contribute to the Co-Op will be credited against your local advertising obligations. Any corporate-owned restaurants or mobile kitchens located in a Co-Op Advertising Region will contribute to the Co-Op., and each corporate-owned outlet will not have any more voting power on any fees imposed by any Co-Op than franchised outlets, except by voluntary agreement among the members of the particular Co-Op Advertising Region (as provided in the Bylaws of the particular Co-op, which may or may not require unanimous consent of its members).
Local Advertising	2% of Weekly Gross Sales	Not paid to JRL. Due each calendar quarter.	Includes advertising published in local newspapers and promotional merchandise distributed to the local community. All local advertising must be submitted to JRL for its prior written approval. You must submit, within 15 days after the end of each calendar quarter, a computation of the amount you were required to spend for local advertising in the quarter and the amount actually expended. The Local Advertising expenditure is in addition to the Weekly Marketing Fee and Cooperative Advertising requirement.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Renewal Fee	The lower of: (i) the Initial Franchise Fee you paid when you signed your Restaurant Franchise Agreement or Mobile Kitchen Franchise Agreement; or (ii) 25% of the Initial Franchise Fee then being charged by us to new Franchisees.	Upon the signing of the Renewal Restaurant or Mobile Kitchen Franchise Agreement	
Reimbursement of Insurance Costs	Cost of obtaining coverage	On demand	You must pay only if you fail to maintain or procure required insurance coverage and we obtain coverage for you.
Reimbursement of Repair Costs	Cost of repairs	On demand	If we discover any defects or unsatisfactory conditions at your Restaurant or Mobile Kitchen and you fail to correct or repair the condition, you must reimburse us for our repair costs and expenses, including meals, lodging, wages and transportation for our personnel inspecting the restaurant.
Transfer Fee	$5,000	Before transfer	There is no Transfer Fee under the Restaurant or Mobile Kitchen Franchise Agreement if you transfer upon your death or disability or you transfer to a legal entity formed solely for convenience of ownership. Transfers are subject to our prior written consent, and our then-current franchisee approval process and standards.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Audit	All amounts shown to be due, plus (i) interest equal to the lower of the maximum rate permitted by law or 15% per annum of the deficient amount; (ii) a penalty in an amount equal to 10% of the deficient amount; and (iii) the cost of the audit. If the deficient amount is not paid within five days after your receipt of our demand, interest as described in (i) above will begin to accrue on the penalty described in (ii) above.	On demand	You must pay interest, penalties, and audit costs only if audit shows an understatement of 1% or more of Weekly Gross Sales for any period. Interest begins to accrue from the date of the underpayment.
Late Charges	The greater of (i) 10% of the amount due, or (ii) $250, plus interest at the lower of the maximum rate permitted by law or 15% of the amount past due from the date a payment was due until it is paid.	Begins to accrue on the date the past due amount was due and continues to accrue until the past due amount is paid in full, including all Late Charges	
Damages for Employee Raiding	$100,000	On demand	You must pay only if you violate Section 17.E of the Restaurant Franchise Agreement or Section 16.E of the Mobile Kitchen Franchise Agreement relating to the employment of current or prior agents or employees of JRL, TJRG, JRI, or any of our franchisees.
Costs and Attorney's Fees	Our costs and expenses	As incurred	If we prevail in any legal action or arbitration arising out of your agreements with us, or a third party brings a legal action against us as a result of your actions or inactions you must pay our attorneys' fees and costs.
Indemnification	The losses and expenses incurred by JRL	As incurred	You must indemnify and hold JRL and our affiliates harmless in all actions arising out of or resulting from the development or operation of your Restaurant or Mobile Kitchen.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Supplier Review Fee	You must reimburse us for all costs and expenses incurred by us in reviewing or approving a supplier proposed by you, including any travel and lodging expenses we incur	As incurred	Except for those Approved Products where we have a designated Single Source Approved Supplier, you may request the right to purchase a product or supply not yet approved by us and/or from a supplier not yet approved in writing by us after we have an opportunity to review and approve or disapprove of the supply or supplier.
Taxes	You must reimburse us for any state or local taxes imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, Weekly Royalty Fee, Weekly Marketing Fee or other fees we collect under the terms of the Franchise Agreement.	On demand	
Relocation	$5,000 or any greater amount necessary to reimburse us for any reasonable costs we incur in considering your request.	On demand	See Item 12

NOTES

1. Unless otherwise noted, all fees are imposed on Restaurant franchisees and Mobile Kitchen franchisees and collected by and payable to JRL and are not refundable.

2. Weekly Gross Sales include the total revenues you derive in and from your Restaurant or Mobile Kitchen during each one-week period from all sales of food, beverages (including beer and wine if applicable), goods, wares, merchandise and all services made in, upon or from the Restaurant or Mobile Kitchen, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including those sales and services where the orders originate at and are accepted by you in the Restaurant or Mobile Kitchen, even if delivery or performance of the order is made from or at any other place, or similar orders are received or billed at or from the Restaurant or Mobile Kitchen. Any sales made by you at a location away from the Restaurant or Mobile Kitchen, such as, by way of illustration only, at sporting, transportation or educational venues, or fairs, exhibits, parties or other off-site temporary venues (which you may make only with the prior written approval of JRL) shall be part of Weekly Gross Sales. Weekly Gross Sales will not include rebates or refunds to customers, revenues generated by promotional giveaways which are solely for the benefit of charitable organizations that are recognized and approved by JRL and for which all profits generated in this manner are received by this charitable organization, provided such sales do not exceed two percent (2%) of total sales, or the amount of any sales tax or other similar taxes that you may be required to and do collect from customers and actually pay to any federal, state or local taxing authority.

Area Development – Other Fees

If you sign an Area Development Agreement, you must sign a Restaurant Franchise Agreement and open each Restaurant and commence business in accordance with the deadlines set forth in your Development Schedule. If you are unable to open and commence operating a Restaurant by the date set forth in your Development Schedule, you may, subject to our approval, purchase from us an extension of time to open and begin operating the Restaurant (an "Opening Date Extension"). The Opening Date Extension fee is $10,000 (the "Opening Date Extension Fee"), and the Opening Date Extension will extend the deadline for opening and commencing operation of a Restaurant by 90 days. No more than two Opening Date Extensions will be granted for a particular Restaurant. The Opening Date Extension Fee is payable to JRL and is not refundable.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
Johnny Rockets Traditional Restaurant

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$49,000	Lump sum or, if Area Development Agreement signed, two installments	When you sign the Restaurant Franchise Agreement	JRL
Architectural Design	$15,000 - $27,500	As required by architect	As required by architect	Approved architect
Leasehold Improvements[3]	$225,000 - $450,000	Progress payments from beginning of construction until completion	According to payment schedule	Approved designer, architect, engineer and/or general contractor
Furniture, Fixtures and Equipment[4]	$200,000 - $250,000	As required by contractors	According to payment schedule	Approved food service equipment contractor and distributor
Interior Décor Package[5]	$6,000 - $10,000	Lump sum	As required by supplier	Approved supplier
Signs (Interior and Exterior)[6]	$20,000 - $50,000	As required by contractor	As required by contractor	Approved sign contractor
Information and Technology Systems & POS System[7]	$17,500 - $30,000	As required by supplier	As required by supplier	Approved cash register supplier and computer system supplier
Smallwares[8]	$15,000 - $20,000	Lump sum	As required by supplier	Approved restaurant wares supplier
Initial Inventory[9]	$6,000 - $8,000	Lump sum	As required	Approved various suppliers

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Real Estate and Security Deposits[10]	$10,000 - $18,000	Lump sum	As required	Landlord, lessor of personal property, utilities, insurance broker, etc.
Insurance and Performance Bonds	$2,000 - $6,000	Lump sum	As required	Approved insurance broker
Music and Video System[11]	$8,000 - $25,000	Lump sum	As required	Approved equipment supplier
Training[12]	$18,000 - $21,000	As required	As required	Transportation providers, hotels, restaurants and "Serve Safe" training provider
Pre-Opening Labor	$14,000 - $22,000	As required	As required	Employees
Grand Opening Publicity Support[13]	$5,000 - $10,000	Lump sum	When you sign the Restaurant Franchise Agreement	JRL
Liquor License[14]	$4,000 - $45,000	As arranged	As arranged	Appropriate state/local authorities or third parties
Miscellaneous (Legal, accounting, licenses, permits, etc.)[15]	$7,000 - $14,000	Lump sum	As needed	Attorneys, accounting firms, governmental agencies, etc.
Additional Funds[16] (Initial Period – 3 months)	$40,000 - $60,000	Lump sum	As needed	Employees, taxing agencies, etc.
Totals[17]	**$661,500 - $1,115,500**			

YOUR ESTIMATED INITIAL INVESTMENT
Johnny Rockets Express Restaurant

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$49,000	Lump sum or, if Area Development Agreement signed, two installments	When you sign the Restaurant Franchise Agreement	JRL
Architectural Design	$15,000 - $27,500	As required by architect	As required by architect	Approved architect

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Leasehold Improvements[3]	$200,000 - $375,000	Progress payments from beginning of construction until completion	According to payment schedule	Approved designer, architect, engineer and/or general contractor
Furniture, Fixtures and Equipment[4]	$175,000 - $225,000	As required by contractors	According to payment schedule	Approved food service equipment contractor and distributor
Interior Décor Package[5]	$3,000 - $6,000	Lump sum	As required by supplier	Approved supplier
Signs (Interior and Exterior)[6]	$20,000 - $35,000	As required by contractor	As required by contractor	Approved sign contractor
Information and Technology Systems & POS System[7]	$17,500 - $30,000	As required by supplier	As required by supplier	Approved cash register supplier and computer system supplier
Smallwares[8]	$12,000 - $17,000	Lump sum	As required by supplier	Approved restaurant wares supplier
Initial Inventory[9]	$6,000 - $8,000	Lump sum	As required	Approved various suppliers
Real Estate and Security Deposits[10]	$10,000 - $18,000	Lump sum	As required	Landlord, lessor of personal property, utilities, insurance broker, etc.
Insurance and Performance Bonds	$2,000 - $6,000	Lump sum	As required	Approved insurance broker
Music and Video System[11]	$8,000 - $20,000	Lump sum	As required	Approved equipment supplier
Training[12]	$18,000 - $21,000	As required	As required	Transportation providers, hotels, restaurants and "Serve Safe" training provider
Pre-Opening Labor	$14,000 - $22,000	As required	As required	Employees
Grand Opening Publicity Support[13]	$5,000 - $10,000	Lump sum	When you sign the Restaurant Franchise Agreement	JRL
Liquor License[14]	$4,000 - $45,000	As arranged	As arranged	Appropriate state/local authorities or third parties

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Miscellaneous (Legal, accounting, licenses, permits, etc.)[15]	$7,000 - $14,000	Lump sum	As needed	Attorneys, accounting firms, governmental agencies, etc.
Additional Funds[16] (Initial Period – 3 months)	$40,000 - $60,000	Lump sum	As needed	Employees, taxing agencies, etc.
Totals[17]	**$605,500 - $988,500**			

YOUR ESTIMATED INITIAL INVESTMENT
Johnny Rockets Drive-Thru Restaurant

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$25,000	Lump sum or, if Area Development Agreement signed, two installments	When you sign the Restaurant Franchise Agreement	JRL
Architectural Design	$18,500 - $30,000	As required by architect	As required by architect	Approved architect
Leasehold Improvements[3]	$225,000 - $450,000	Progress payments from beginning of construction until completion	According to payment schedule	Approved designer, architect, engineer and/or general contractor
Furniture, Fixtures and Equipment[4]	$200,000 - $250,000	As required by contractors	According to payment schedule	Approved food service equipment contractor and distributor
Interior Décor Package[5]	$6,000 - $10,000	Lump sum	As required by supplier	Approved supplier
Signs (Interior and Exterior)[6]	$25,000 - $50,000	As required by contractor	As required by contractor	Approved sign contractor
Information and Technology Systems & POS System[7]	$45,000 - $75,000	As required by supplier	As required by supplier	Approved cash register supplier and computer system supplier
Smallwares[8]	$15,000 - $20,000	Lump sum	As required by supplier	Approved restaurant wares supplier
Initial Inventory[9]	$6,000 - $8,000	Lump sum	As required	Approved various suppliers
Real Estate and Security Deposits[10]	$10,000 - $18,000	Lump sum	As required	Landlord, lessor of personal property, utilities, insurance broker, etc.

TYPE OF EXPENDITURE	AMOUNT[11]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Insurance and Performance Bonds	$2,000 - $6,000	Lump sum	As required	Approved insurance broker
Music and Video System[11]	$10,000 - $30,000	Lump sum	As required	Approved equipment supplier
Training[12]	$18,000 - $21,000	As required	As required	Transportation providers, hotels, restaurants and "Serve Safe" training provider
Pre-Opening Labor	$14,000 - $22,000	As required	As required	Employees
Grand Opening Publicity Support[13]	$5,000 - $10,000	Lump sum	When you sign the Restaurant Franchise Agreement	JRL
Liquor License[14]	$4,000 - $45,000	As arranged	As arranged	Appropriate state/local authorities or third parties
Miscellaneous (Legal, accounting, licenses, permits, etc.)[15]	$7,000 - $14,000	Lump sum	As needed	Attorneys, accounting firms, governmental agencies, etc.
Additional Funds[16] (Initial Period – 3 months)	$40,000 - $60,000	Lump sum	As needed	Employees, taxing agencies, etc.
Totals[17]	**$675,500 - $1,144,000**			

NOTES FOR RESTAURANTS

1. **Amount.** These amounts are estimates based on the costs and expenses that would be incurred to establish a single Restaurant of the specified type in a non-union, non-northern climate market. The costs and expenses for you to establish a Restaurant in a union market may result in higher costs. These estimates may vary with factors such as the size of the Restaurant, its location, economic conditions, local conditions of the site, the landlord's contribution to leasehold improvements, if any, the menu items offered at the Restaurant, local code or other requirements (e.g. union labor), availability of materials and labor, freight and delivery cost, taxes, interest rates and other items. In addition, in the case of freestanding buildings there may be additional signage and construction costs for exterior portions of the Restaurant. The estimates do not take into account any financing charges, inflation, compensation for your time or labor, rent or interest payable before the Restaurant opens for business or related costs which you may have to pay. Costs paid to JRL (other than the Initial Franchise Fee, which is described in Item 5) are not refundable. None of the estimated expenditures paid to third parties are refundable, except (i) utility deposits are usually refundable, and (ii) lease security deposits may be refundable. Neither we nor any affiliate finances ~~do not finance~~ any part of the initial investment.

2. **Initial Fees.** The amount of the Initial Franchise Fee and the Area Development Fee and the manner in which they are paid are explained in detail in Item 5.

3. **Leasehold Improvements.** The estimated amount is prior to landlord contributions. The cost of construction and leasehold improvements depends upon the size and condition of the premises, the local cost of contract work (including whether the local labor is union or non-union), the location of the Restaurant (including whether the location is in a colder or milder climate) and, to the extent you are opening a Johnny Rockets Drive-Thru Restaurant, the requirement to install an automobile drive-thru. The range of figures for a Restaurant is the cost of reasonable renovation or leasehold improvements, and may be less if the landlord provides a construction allowance to you. Included in the estimate are construction charge backs for landlord-provided work.

4. **Furniture, Fixtures and Equipment.** The estimated cost of furniture, fixtures and equipment includes counters, tables, chairs, and other similar materials, but the estimate does not include the (a) Interior Décor Package or signs, (b) a full restaurant information and point of sale cash collection system ("POS System") (c) a music system, and (d) smallwares (cost estimates for (a) through (d) are provided separately). To the extent you will operate a Johnny Rockets Drive-Thru Restaurant, you will be required to obtain and install the designated equipment and software for the required automobile drive-thru. The cost of furniture, fixtures and equipment will vary, depending on the seating capacity of the facility, lease or finance terms available to you, the layout of the facility and other relevant factors. The equipment necessary for the operation of a Restaurant includes grills, refrigerators and other similar equipment. You may purchase or lease only approved brands and models only from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the facility and other factors.

5. **Interior Décor Package.** The Interior Décor Package includes pictures, wall coverings and other decorations as specified by JRL. No other non-approved pictures, wall coverings or decorations will be allowed.

6. **Signs (Interior and Exterior).** Includes all interior and exterior signs as specified and approved by JRL. No other signs will be allowed.

7. **Information and Technology Systems & POS System.** Includes a full computer and POS System. You are required to purchase a service contract for the POS System, the current annual cost for which is approximately $2,200. The Item 7 estimated initial investment for the Information and Technology Systems & POS System does not include the cost for the annual service contract. This estimate for the Information and Technology Systems & POS System includes the costs for obtaining and implementing the gift card program.

8. **Smallwares.** Includes all flatware, drinking cups (for Johnny Rockets Traditional Restaurants, you will use glassware - including Coca-Cola proprietary glasses and for Johnny Rockets Express Restaurants and Johnny Rockets Drive-Thru Restaurants you will use paper products), pans, containers, kitchen utensils and other similar items as specified by JRL.

9. **Initial Inventory.** Your initial inventory may be purchased only from approved and designated products supplier or any supplier approved by JRL. Initial inventory consists of various food products, beverages, paper products, smallwares, cleaning supplies and other supplies utilized in the operation of the Restaurant as well as other merchandise or products sold by the Restaurant. The initial inventory expenditure will vary according to anticipated sales volume and current market prices for supplies and the menu items you offer at your Restaurant.

10. **Real Estate and Security Deposits.** Security deposits and other prepaid expenses will vary according to your particular circumstances and the particular circumstances of a given Restaurant. These figures include the estimated rent for the first month for typical Restaurants, which vary in size from 700 to 3,500 square feet (Johnny Rockets Traditional Restaurant typically 1,800 – 3,500 square feet; Johnny Rockets Express Restaurant typically 700 – 1,750 square feet; and, Johnny Rockets Drive-Thru Restaurants typically 1,800 – 3,500 square feet). These estimates do not include the cost of real estate since it is assumed that you will rent the space for the Restaurant. Since real estate values vary dramatically from region to region, we cannot accurately estimate your rent. To estimate the rental expense for your Restaurant, apply the square footage requirements for your Restaurant to the local real estate rental costs in the area where your Restaurant will be located. Security deposits or prepaid expenses are generally encountered with regard to your real property and personal property leases, insurance requirements and utility arrangements. Generally, the amount of each security deposit or prepaid expense is determined by the leases you enter into and the suppliers of utility, telephone and insurance services. Security deposits and prepaid expenses are held by the respective suppliers and may sometimes be refunded under the terms of the agreements or as regulated by law. You may obtain a bond in lieu of delivering the amount of the required prepaid expenses such as state sales taxes and utilities.

11. **Music and Video System.** A full Restaurant sound and video system including, table top and counter top jukeboxes as specified by JRL. To the extent you will operate a Johnny Rockets Drive-Thru Restaurant, you will need exterior video monitors and outside speakers for drive-thru entertainment. No other music or video system will be permitted.

12. **Training.** Our Initial Restaurant Management Training Program lasts approximately four weeks and consists of 24 shifts of classroom and on-the-job training and self-study modules and applications. Prior to the opening of your first Restaurant, you (or, in the case where you are a corporation or other legal entity, a principal or Control Person who has been approved in writing by us) and one additional person designated by you as the manager or assistant manager responsible for the operation of the Restaurant must attend our Initial Restaurant Management Training Program. At your option, up to two additional persons designated by you as your Restaurant managers or assistant managers may also attend our Initial Restaurant Management Training Program. You must secure our prior written approval for any and all attendees of our Initial Restaurant Management Training Program, except for you or your Control Person. Prior to the opening of your second or third Restaurants that you develop, at least two managers or assistant managers responsible for the operation of those Restaurants who have been approved by us in writing must complete our Restaurant Management Training Program. You must make arrangements for and pay the expenses of persons attending the Restaurant Management Training Program including transportation, lodging, meals and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodations you choose. If you send a replacement manager for any person who fails to complete the Restaurant Management Training Program to our satisfaction or additional personnel, you must pay a Training Fee of $4,000 per person in addition to paying the expenses listed above. In addition to the Restaurant Management Training Program described above, there is a one (1) day "Serve Safe" training, provided by a third party provider, that is required for anyone classified as a Control Person or anyone in a management position. You can schedule this training at a time and location of your convenience, but it must be completed prior to opening your Restaurant. The cost of the "Serve Safe" training ranges from approximately $100 to $150 per person and is included in the estimates provided above.

13. **Grand Opening Publicity Support.** Includes the cost of the advertising, promotion, events and publicity purchased in support of the Grand Opening of your Restaurant.

14. **Liquor License.** If your Restaurant sells beer and wine, it is solely your responsibility to obtain and maintain a liquor license. The cost of a liquor license can be significantly higher in a few states where the

number of licenses is severely restricted or available only from an existing holder. You should retain legal counsel specialized in obtaining and maintaining liquor licenses.

15. **Miscellaneous (Legal, Accounting, Licenses, Permits, etc.).** You must acquire various permits and licenses as required by governmental regulations and keep them in good standing and full force and effect. These may be either isolated or recurring expenditures. Typical of these permits and licenses are those from health departments, fire departments, food establishment regulatory agencies (including a liquor license, if applicable), labor departments, sales tax bureaus and other similar state or local governmental agencies. Those fees are determined by governmental authorities and are paid to them directly by you.

16. **Additional Funds.** These amounts are the minimum recommended levels to cover operating expenses, including employees' salaries and uniforms for three months. However, we cannot guarantee that this amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. These figures assume that you will receive no operating income during this period, and cover only the following costs: real estate costs for the second and third month of operation (the first months' rent is covered under the "Real Estate and Security Deposits" line); cost of a minimal inventory of perishable food items; equipment rental; three months' payroll and associated payroll costs for a minimal staff; workers' compensation and liability insurance; and telephone, utilities, and basic janitorial and maintenance supplies and services. The estimates do not cover Weekly Royalty Fees, Weekly Marketing Fees or other required advertising expenses, all of which vary depending on your sales levels, nor do they cover any interest or other financing costs you may incur, which will vary depending on how much you finance.

17. **Total.** We have prepared these estimates based on our experience and that of our management team. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Restaurant. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from Restaurant to Restaurant and cannot be predicted by us for your Restaurant (and which may extend for longer than the three month "initial period" described above). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or borrow against, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, if any, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Restaurant is located, the presence of other Restaurants or public awareness of our business and Marks within the general vicinity of your proposed Restaurant, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation. Within thirty (30) days after completion of your Restaurant, you will be required to provide us with a breakdown of the actual costs you incurred in building your Restaurant.

YOUR ESTIMATED INITIAL INVESTMENT
Mobile Kitchen

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$25,000	Lump sum	When you sign the Mobile Kitchen Franchise Agreement	JRL
Leasehold Improvements (Stock Mobile Kitchen)[3]	$125,000 - $175,000	As required by Approved Mobile Kitchen Manufacturer ("AMKM")	As required by AMKM (normally 50% down and 50% at delivery)	AMKM
Furniture, Fixtures & Equipment	$75,000 - $125,000	As required by contractors	According to payment schedule	Approved food service equipment contractor and distributor
Mobile Kitchen Vehicle Wrap[4]	$10,000 - $15,000	As required by contractor	As required by contractor	Approved sign contractor
Information and Technology Systems and POS System[5]	$10,000 - $20,000	As required by supplier	As required by supplier	Approved cash register supplier and computer system supplier
Smallwares[6]	$3,000 - $5,000	Lump sum	As required by supplier	Approved Mobile Kitchen wares supplier
Initial Inventory[7]	$2,000 - $4,000	Lump sum	As required	Approved various suppliers
Insurance	$2,000 - $4,000	As required	As required	Approved insurance company
Music/Video System	$2,500 - $7,500	Lump sum	As required	Approved equipment supplier
Training[8]	$18,000 - $21,000	As required	As required	Transportation providers, hotels, restaurants and "Serve Safe" training provider
Pre-Opening Labor	$14,000 - $22,000	As required	As required	Employees
Grand Opening Publicity Support[9]	$5,000 - $10,000	Lump sum	When you sign the Mobile Kitchen Franchise Agreement	JRL

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Miscellaneous (Legal, accounting, licenses, permits, etc.)[10]	$1,000 - $2,000	Lump sum	As needed	Attorneys, accounting firms, governmental agencies, etc.
Additional Fund[11] (Initial Period – 3 months)	$1,000 - $3,000	Lump sum	As needed	Employees, taxing agencies, etc.
Totals[12]	**$293,500 - $438,500**			

NOTES FOR MOBILE KITCHENS

1. **Amount.** These amounts are estimates based on the costs and expenses that would be incurred to establish a single Johnny Rockets Mobile Kitchen. The estimates do not take into account any financing charges, inflation, compensation for your time or labor or interest payable before the restaurant opens for business or related costs which you may have to pay. Costs paid to JRL (other than the Initial Franchise Fee, which is described in Item 5) are not refundable.

2. **Initial Fees.** The amount of the Initial Franchise Fee and the manner in which they are paid are explained in detail in Item 5.

3. **Leasehold Improvements (Stock Mobile Kitchen).** The range represents the cost of purchasing a stock Mobile Kitchen. To the extent you operate a trailer, it will require an approximate daily cost of $500 for renting a vehicle to move the trailer to any approved location. The approximate size of food truck is between 22 feet to 26 feet and the approximate size of a trailer is between 26 feet to 42 feet. You must purchase your Mobile Kitchen from our designated supplier. The Mobile Kitchen will be completely new as manufactured by an approved Mobile Kitchen Manufacturer and will not include the required furniture, fixtures, POS System or equipment. The layout and design of your trailer must conform to one of our then-current predetermined designs. You also must identify us as a lien holder on the title of your Mobile Kitchen.

4. **Mobile Kitchen Vehicle Wrap.** You must have your Mobile Kitchen outfitted with a "wrap", which is a graphically enhanced vinyl graphic or decal which is applied directly over the original paint of a vehicle, identifying it as a Johnny Rockets Mobile Kitchen.

5. **Information and Technology Systems & POS System.** Includes a full computer and POS System.

6. **Smallwares.** Includes all flatware, paper cups, pans, containers, kitchen utensils and other similar items as specified by JRL.

7. **Initial Inventory.** Your initial inventory may be purchased only from approved and designated product suppliers or any supplier approved by JRL. Initial inventory consists of various food products, beverages, paper products, smallwares, cleaning supplies and other supplies utilized in the operation of the Mobile Kitchen as well as other merchandise or products sold by the Mobile Kitchen. The initial inventory expenditure will vary according to anticipated sales volume and current market prices for supplies.

8. **Training.** Prior to the opening of your first Mobile Kitchen, you (or, in the case where you are a corporation or other legal entity, a principal or Control Person who has been approved in writing by us) and one additional

person designated by you as the manager or assistant manager responsible for the operation of the Restaurant must attend our Initial Restaurant Management Training Program. At your option, up to two additional persons designated by you as your Restaurant managers or assistant managers may also attend our Initial Restaurant Management Training Program. You must secure our prior written approval for any and all attendees of our Initial Restaurant Management Training Program, except for you or your Control Person. Prior to the opening of your second or third Mobile Kitchens that you develop, at least two managers or assistant managers responsible for the operation of those Mobile Kitchens who have been approved by us in writing must complete our Mobile Kitchen Management Training Program. You must make arrangements for and pay the expenses of persons attending the Mobile Kitchen Management Training Program including transportation, lodging, meals and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodations you choose. If you send a replacement manager for any person who fails to complete the Mobile Kitchen Management Training Program to our satisfaction or additional personnel, you must pay a Management Training Fee of $3,000 per person in addition to paying the expenses listed above. In addition to the Mobile Kitchen Management Training Program described above, there is a one (1) day "Serve Safe" training, provided by a third party provider, that is required for anyone classified as a Control Person or anyone in a management position. You can schedule this training at a time and location of your convenience, but it must be completed prior to opening your Mobile Kitchen. The cost of the "Serve Safe" training ranges from approximately $100 to $150 per person and is included in the estimates provided above.

9. **Grand Opening Publicity Support.** Includes the cost of the advertising, promotion, events and publicity purchased in support of the Grand Opening of your Mobile Kitchen.

10. **Miscellaneous (Legal, Accounting, Licenses, Permits, etc.).** You must acquire various permits and licenses as required by governmental regulations and keep them in good standing and full force and effect. These may be either isolated or recurring expenditures. Typical of these permits and licenses are those from health departments, fire departments, food establishment regulatory agencies (including a liquor license, if applicable), labor departments, sales tax bureaus and other similar state or local governmental agencies. Those fees are determined by governmental authorities and are paid to them directly by you.

11. **Additional Funds.** These amounts are the minimum recommended levels to cover operating expenses, including employees' salaries and uniforms for three months. However, we cannot guarantee that this amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. These figures assume that you will receive no operating income during this period, and cover only the following costs: cost of a minimal inventory of perishable food items; equipment rental; three months' payroll and associated payroll costs for a minimal staff; workers' compensation and liability insurance; and maintenance supplies and services. The estimates do not cover Weekly Royalty Fees, Weekly Marketing Fees or other required advertising expenses, all of which vary depending on your sales levels, nor do they cover any interest or other financing costs you may incur, which will vary depending on how much you finance.

12. **Total.** We have prepared these estimates based on our experience and that of our management team. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Mobile Kitchen. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. We do not offer any financing directly or indirectly for any part of the Mobile Kitchen initial investment. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from Mobile Kitchen to Mobile Kitchen and cannot be predicted by us for your Mobile Kitchen (and which may extend for longer than the three month "initial period" described above). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or borrow against, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, if any, which in turn will depend upon factors such

as the demographics and economic conditions in the area in which your Mobile Kitchen is located, the presence of other Restaurants, Mobile Kitchens or public awareness of our business and Marks within the general vicinity of your Mobile Kitchen, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

YOUR ESTIMATED INITIAL INVESTMENT
Area Development Agreement

TYPE OF EXPENDITURE	AMOUNT[2]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Area Development Fee[1]	$60,000 - $200,000	Lump sum	When you sign the Area Development Agreement	JRL
Professional Fees[3]	$500 - $7,000	Lump Sum	As Incurred	JRL
Totals	$60,500 - $207,000			

NOTES FOR AREA DEVELOPMENT AGREEMENT

1. **Area Development Fee.** As described in Item 5, if you execute an Area Development Agreement, you must pay us an Area Development Fee in full when you sign the Area Development Agreement, which is fully earned when paid and not refundable under any circumstances. The Area Development Fee equals $20,000 multiplied by the number of Restaurants you agree to develop. Accordingly, the Area Development Fee will vary significantly depending on the number of Restaurants you agree to develop under the Area Development Agreement.

2. **Area Development Fee Range Example.** The low end of the Area Development Fee presented in this Item 7 is for 3 Restaurants and the high end is for 10 Johnny Restaurants (but this is not a maximum).

3. **Professional Fees.** You must reimburse us for our legal, accounting and other professional fees in excess of $5,000 incurred in connection with the negotiation and signing of the Area Development Agreement and related addenda and exhibits.

4. **Initial Investment for Each Restaurant Developed.** If you sign an Area Development Agreement, your initial investment for the initial Restaurant you open under the Area Development Agreement will be as disclosed in the Item 7 tables above for individual Restaurants. You should be aware that your initial investment for your second and subsequent Restaurants likely will be higher than the above estimates for your first Restaurant due to inflation and other economic facts that may vary over time, although, as disclosed in Item 5, the Initial Franchise Fee for second and subsequent Restaurants is reduced depending on the number of Restaurants developed.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use only ingredients, food products, spices, seasonings, mixes, beverages, materials, supplies used in the preparation of food products, furniture, fixtures, equipment, smallwares, forms, paper and plastic products and packaging and other materials that meet our standards and specifications ("Approved Products"). We may designate one or more specific manufacturers or suppliers for Approved Products (an "Approved Supplier"). Our Approved Products and Approved Suppliers are contained in The Johnny Rockets Group, Inc. Major Contracts Summary–Purchasing Document. You may not use a supplier for the purchase of any product or service not listed in this document. As well, all products and services must first be submitted as a "requested vendor/product" for approval by the Corporate Purchasing Department of TJRG. Further, we reserve the right to designate a single source Approved Supplier or single source regional supplier (collectively, "Single Source Approved Suppliers") of certain Approved Products. From time to time, we, an affiliate or a designated third party may be that Single Source Approved Supplier. As of the date of this Disclosure Document, neither we nor our affiliate is a Single Source Approved Supplier. If we have not designated an Approved Supplier or Single Source Approved Supplier for particular Approved Products, you may purchase such products from suppliers you propose and we approve in writing, provided the proposed suppliers meet the standards we establish from time to time and the items to be purchased are in strict accordance with our specifications.

Proprietary Products

You must purchase exclusively from us or our affiliate (if we sell them) or our designated suppliers, our seasonings and certain other products used in the preparation of Johnny Rockets food products ("Proprietary Products"), the recipes for which are considered unique and their formulae and manufacturing processes constitute trade secrets of the Johnny Rockets System and Mobile Kitchen System. The right to purchase and use the seasonings is granted under the Restaurant Franchise Agreement or Mobile Kitchen Franchise Agreement and lasts only for the duration of the applicable Franchise Agreement. Neither we nor our affiliates are currently designated suppliers or the only suppliers of any Proprietary Products. Neither we nor our affiliates derived revenue from sales of the Proprietary Products to franchisees during our fiscal year ended January 1, 2017.

Trademarked Products

We may specify certain items of clothing (such as T-shirts, sweat shirts, jackets, caps, aprons and similar items), souvenirs (such as watches, pins and records) and other novelty items bearing our Marks ("Trademarked Products"), which must be offered for sale in your Restaurant. We will, upon your request, provide specifications for the Trademarked Products, and you may purchase them either from suppliers designated by us or from suppliers you choose who can meet our specifications and who sign a royalty-free trademark license in a form reasonably satisfactory to us. Occasionally, we will sell excess inventory of Trademarked Products to our franchisees. However, we do not derive any profit from the sale of this excess inventory to our franchisees. Neither we nor our affiliates are currently designated suppliers or the only suppliers of the Trademarked Products. Neither we nor our affiliates derived any revenue from sales of Trademarked Products to franchisees during our fiscal year ended January 1, 2017.

Currently, we do not require our Mobile Kitchen franchisees to offer and sell Trademarked Products from their Mobile Kitchen, but we reserve the right to do so in the future.

Other Products

As noted above, in order to protect and maintain the reputation and goodwill of the Johnny Rockets System and our Marks, you must purchase Approved Products from Approved Suppliers and/or Single Source Approved

Suppliers. Upon request, we will furnish to you a list of Approved Products, Approved Suppliers, Single Source Approved Suppliers and the specifications for other products where we do not designate Approved Suppliers or Single Source Approved Supplier.

Except for those Approved Products which we have designated an Approved Supplier or Single Source Approved Supplier, if you propose to use in the operation of your Restaurant or Mobile Kitchen any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality standards and/or from a supplier not yet approved in writing by us as a supplier to our franchisees, you must first notify us in writing and must submit to us, upon request, sufficient specifications, photographs and other information and samples for examination and testing for our determination as to whether the product, supply, material or the supplier meets our specifications and standards. Our determination will be made and communicated to you within a reasonable time period (typically 90 days). If we do not respond to your request within 90 days, we will be deemed to have denied your request.

All suppliers of products used in Restaurants and Mobile Kitchens must provide products manufactured in compliance with the United States Code of Federal Regulations, Part 110, Good Manufacturing Practices. Our representatives must be permitted to inspect a supplier's facilities. The suppliers must also meet applicable federal, state and local regulatory requirements as well as certain facility, pest control, product specifications, quality assurance, employee good manufacturing practices, sanitation, bacteriological, storage, records, product recall and other standards imposed by JRL. We may re-inspect the facilities and products of any Approved Supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities. You must, at all times, maintain an adequate inventory of products, supplies and materials sufficient to satisfy customer demand and to operate your Restaurant or Mobile Kitchen efficiently.

Nothing contained in this Disclosure Document or in the Restaurant or Mobile Kitchen Franchise Agreements requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers. As noted above, we also reserve the right to designate a Single Source Approved Supplier. We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Restaurants or Mobile Kitchens) based on whether or not you purchase through the sources we designate or approve, however, purchases of unapproved products or from unapproved vendors in violation of the Restaurant or Mobile Kitchen Franchise Agreement will entitle us to terminate the respective Franchise Agreement. We currently negotiate purchasing agreements (including price terms) with suppliers for the benefit of the system as a whole, but we are not required to do so. There are currently no purchasing or distribution cooperatives.

We may enter into supply contracts either for all Restaurants and Mobile Kitchens or a subset of Restaurants and Mobile Kitchens situated within one or more geographic regions (each, a "systemwide supply contract"). We may enter in such systemwide supply contracts with one or more vendors for programs, products, supplies, equipment, materials and services that all company-owned and franchised Restaurants and Mobile Kitchens in the United States, or company-owned and franchised Restaurants and Mobile Kitchens in a designated geographic area, will be required to purchase, use and sell.

During our fiscal year ended January 1, 2017, we neither required nor accepted any fees from a supplier for the purpose of allowing the supplier to serve as one of our Single Source Approved Suppliers, although as noted in the following paragraphs we do currently receive rebates from certain approved suppliers and reserve the right to receive rebates from additional approved suppliers. In addition, we and our affiliates reserve the right to derive revenue from the sale of products to you. We may derive revenue in the form of commissions or rebates that third

party suppliers pay to us based on your purchases or by selling certain products to you directly. You will pay the then-current price in effect for any products you purchase from us or any affiliate.

You may serve only Coca Cola soft drinks, juices, bottled water and like beverage products (collectively "Non-alcoholic Beverages") in your Restaurant or Mobile Kitchen. You may buy Non-alcoholic Beverages from whatever supplier you select, provided that the supplier can deliver consistently the full line of Coca Cola products. JRL reserves the right to require its franchisees to offer additional beverages purchased from approved or designated suppliers in the future.

The Coca Cola Company pays certain funds directly to qualifying franchisees as revenue and pays certain funds directly to us for company-owned Restaurants as revenue. Additionally the Coca Cola Company has contributed certain funds to the Fund based on franchisee or company-owned Restaurant purchases. All rebates we receive based on required franchisee purchases are paid to the Fund. In the fiscal year ended January 1, 2017, the total revenue of our Fund was $3,461,678 and it received $51,749 or 1.49% of its total revenue from the Coca Cola Company in connection with required purchases from franchisee and company-owned Restaurants.

Sysco, our distributor of groceries and disposables, currently adds $.05 per case to all product cases purchased by franchisees and company-owned Restaurants, which amount Sysco pays to us (the "Dead Stock Fund"). We designate the use of the Dead Stock Fund as appropriate needs arise, such as paying for expired inventory, paying for inventory deemed obsolete, paying for left over products from limited time offerings, paying our purchasing consultant, conducting research and development, covering quality assurance costs and handling other related uses.

If you are approved by JRL to serve beer and wine in your Restaurant or Mobile Kitchen, you must serve, at a minimum, Anheuser-Busch Beer Products and Robert Mondavi Wine Products (collectively "Alcoholic Beverages"). Any other Alcoholic Beverages you would like to sell will require the prior written approval of JRL. You may buy Alcoholic Beverages only from an Approved Supplier.

If you operate a Mobile Kitchen franchise, you must obtain your Mobile Kitchen from one of our Approved Mobile Kitchen Manufacturers. Your Mobile Kitchen must be constructed in accordance with our then-current designs, standards and specifications.

None of JRL's officers own an interest in any approved supplier.

We estimate that approximately 90% of your expenditures for leases and purchases in establishing your Restaurant or Mobile Kitchen and on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

Information and Technology Systems & POS System

JRL requires the use of current up to date information and technology systems in the management and operation of its Restaurants and Mobile Kitchens. Therefore, you must purchase and use a Point of Sale cash collection system (including all related computer hardware and software) ("POS System") as specified in the Manuals or as otherwise specified by JRL in writing for use in connection with your Restaurant or Mobile Kitchen. As of the date of this Disclosure Document, you must purchase your POS System from a JRL approved POS Supplier. You must also purchase or upgrade a computer system with broadband Internet access which allows "polling" by JRL, and digital still and video cameras. Your Restaurant or Mobile Kitchen must also meet and maintain Payment Card Industry (PCI) Data Security Standard (DSS) compliance. In the event we develop (or have developed on our behalf) a proprietary POS System, you may be required to purchase such proprietary POS System from us or our designee and sign our then-current standard form of software license agreement. To the extent you will operate a Johnny Rockets Drive-Thru Restaurant, you will be required to obtain and install the designated

equipment and software for the required automobile drive-thru. Because information and technology systems are constantly being improved, you must purchase any upgrades, enhancements or replacements to the POS System, the computer system and the computer software as we advise. There are no limitations on our ability to require upgrades to your systems. You must incorporate any required modifications or additions within 90 days after receiving written notice from JRL, unless a longer time period is stated in the notice.

Insurance

Restaurants

You must secure and maintain insurance coverage under your franchise name for "all operations of franchisee," including property coverage, general liability and products liability, with insurance carriers acceptable to us and must meet our current insurance requirements described in this paragraph, or as otherwise provided in the Manuals. These required insurance policies must be provided by an insurer having a minimum A.M. Best's rating of A-, VII, and must include, at a minimum, the following: comprehensive general liability insurance including coverage for personal injury on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate (including liability coverage for the sale of beer and wine, if applicable) with $50,000 fire damage legal and Umbrella (Excess) Liability coverage (following form) of not less than $5,000,000 per occurrence (Umbrella Liability coverage must include coverage over General Liability, Auto Liability and Employer's Liability); automobile liability insurance covering owned, rented and non-owned automobiles in the amount of $1,000,000; workers' compensation (statutory coverage); and employer's liability coverage at statutory limits for $1,000,000 per accident, $1,000,000 disease (policy limit) and $1,000,000 disease (per person limit). Additionally, you must obtain property insurance coverage which must include "all risk" physical damage insurance, including sprinkler leakage, for the replacement cost of all additions, improvements and alterations to the Restaurant and all of the furniture, fixtures, equipment and all other property items located at the Restaurant. The coverage must commence when you first take possession of the Restaurant Site, comply with any requirements of the lease for the Restaurant Site and include coverage for those risks, and in the amounts, and subject to the policy limits and deductible amounts as we shall determine periodically. You also shall carry the amount of Workers' Compensation insurance as may be required by applicable law. You must name us as an additional insured on all insurance policies to the extent of our interests and you must provide us with certificates of insurance evidencing this coverage. All policies shall (a) be primary and non-contributing, (b) provide us with at least 30 days' written notice of cancellation or termination of coverage, and (c) contain a waiver by the insurer of any rights of subrogation. We may specify reasonable changes in the types and amounts of insurance coverage required. At least ten (10) days prior to you taking possession of the Restaurant Site, you must provide us with a Certificate of Insurance that verifies that your insurance policy meets or exceeds the coverage specifications and requirements noted above, including the requirement that we and The Johnny Rockets Group, Inc. are named as additional insureds.

Mobile Kitchens

You must secure and maintain insurance coverage under your franchise name for "all operations of franchisee," including property coverage, general liability and products liability, with insurance carriers acceptable to us and must meet our current insurance requirements described in this paragraph, or as otherwise provided in the Manuals. These required insurance policies must be provided by an insurer having a minimum A.M. Best's rating of A-, VII, and must include, at a minimum, the following: comprehensive general liability insurance including coverage for personal injury on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate (including liability coverage for the sale of beer and wine, if applicable) with $50,000 fire damage legal and Umbrella (Excess) Liability coverage (following form) of not less than $5,000,000 per occurrence (Umbrella Liability coverage must include coverage over General Liability, Auto Liability and Employer's Liability); automobile liability insurance covering owned, rented and non-owned automobiles in the amount of $1,000,000; workers' compensation (statutory coverage); and employer's liability coverage at statutory

limits for $1,000,000 per accident, $1,000,000 disease (policy limit) and $1,000,000 disease (per person limit). Additionally, you must obtain property insurance coverage which must include "all risk" physical damage insurance, including sprinkler leakage, for the full replacement cost of all additions, improvements and alterations to the Mobile Kitchen and all of the furniture, fixtures and equipment, Stock and all other property items located at the Mobile Kitchen. The coverage must commence when you first take possession of the Mobile Kitchen. You also shall carry the amount of Workers' Compensation insurance as may be required by applicable law. You must name us as an additional insured on all insurance policies to the extent of our interests and you must provide us with certificates of insurance evidencing this coverage. All policies shall (a) be primary and non-contributing, (b) provide us with at least 30 days' written notice of cancellation or termination of coverage, and (c) contain a waiver by the insurer of any rights of subrogation. We may specify reasonable changes in the types and amounts of insurance coverage required. At least ten (10) days prior to you taking possession of the Mobile Kitchen, you must provide us with a Certificate of Insurance that verifies that your insurance policy meets or exceeds the coverage specifications and requirements noted above, including the requirement that we and The Johnny Rockets Group, Inc. are named as additional insureds.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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 RESTAURANT FRANCHISE AGREEMENT (FA), MOBILE KITCHEN FRANCHISE AGREEMENT (MKA), AREA DEVELOPMENT AGREEMENT (ADA)	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	FA: Sections 2 and 5 MKA: Section 2ADA: Section 6	Items 7 and 11
b.	Pre-opening purchases/leases	FA: Sections 5, 7 and 9 MKA: Sections 6 and 8ADA: Section 6.D	Items 7 and 8
c.	Site development and other pre-opening requirements	FA: Section 6 MKA: Section 5 ADA: Not Applicable	Items 6, 7 and 11
d.	Initial and ongoing training	FA: Section 8.A MKA: Section 7.A ADA: Not Applicable	Items 5, 6, 7 and 11
e.	Opening	FA: Sections 2.A.(4) and 6.D MKA: Sections 2.A and 5.B ADA: Development Schedule Exhibit 2	Item 11
f.	Fees	FA: Sections 4, 10, 12 and 13 MKA: Sections 4, 9, 11 and 12 ADA: Section 5	Items 5, 6, 7 and 10

	OBLIGATION	SECTION IN RESTAURANT FRANCHISE AGREEMENT (FA), MOBILE KITCHEN FRANCHISE AGREEMENT (MKA), AREA DEVELOPMENT AGREEMENT (ADA)	DISCLOSURE DOCUMENT ITEM
g.	Compliance with standards and policies/Operating Manual	FA: Section 7 MKA: Section 6 ADA: Not Applicable	Items 8 and 11
h.	Marks and proprietary information	FA: Section 16 MKA: Section 15 ADA: Section 3.D	Items 13 and 14
i.	Restrictions on products/services offered	FA: Section 7 MKA: Section 6 ADA: Not Applicable	Item 16
j.	Warranty and customer service requirements	FA: Not Applicable MKA: Not Applicable ADA: Not Applicable	Not Applicable
k.	Territorial development and sales quotas	FA: Not Applicable MKA: Not Applicable ADA: Section 7	Item 12
l.	Ongoing product/service purchases	FA: Sections 7 and 8.C MKA: Section 6 ADA: Not Applicable	Item 8
m.	Maintenance, appearance and remodeling requirements	FA: Sections 3.D.(8), 6.E, and 7.E MKA: Sections 3.D(7), 5.C and 6.E ADA: Not Applicable	Item 11
n.	Insurance	FA: Section 9 MKA: Section 8 ADA: Not Applicable	Items 6, 7 and 8
o.	Advertising	FA: Section 10 MKA: Section 9 ADA: Not Applicable	Items 6 and 11
p.	Indemnification	FA: Section 11 MKA: Section 10 ADA: Section 8	Item 6
q.	Owner's participation/ management/staffing	FA: Sections 7.F and 7.G MKA: Sections 6.F and 6.G ADA: Not Applicable	Items 11 and 15

	OBLIGATION	SECTION IN RESTAURANT FRANCHISE AGREEMENT (FA), MOBILE KITCHEN FRANCHISE AGREEMENT (MKA), AREA DEVELOPMENT AGREEMENT (ADA)	DISCLOSURE DOCUMENT ITEM
r.	Records/reports	FA: Section 14 MKA: Section 13 ADA: Not Applicable	Item 6
s.	Inspections/audits	FA: Section 14.B MKA: Section 13.B ADA: Not Applicable	Items 6 and 11
t.	Transfer	FA: Section 15 MKA: Section 14 ADA: Section 9	Item 17
u.	Renewal	FA: Section 3.B-D MKA: Section 3.B-D ADA: Not Applicable	Item 17
v.	Post-termination obligations	FA: Sections 19.D and 19.E MKA: Sections 18.D and 18.E ADA: Sections 9, 12.D, and 15.B	Item 17
w.	Non-competition covenants	FA: Section 17 MKA: Section 16 ADA: Section 10	Item 17
x.	Dispute resolution	FA: Section 20 MKA: Section 19 ADA: Section 13	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or ~~obligation~~other obligations. Neither we nor any affiliate currently receive payment from any person or persons in exchange for their obtaining or placing financing for you. We and our affiliates do not have any present practice or intent to transfer, assign, discount or sell to a third party, in whole or in part, any note, contract or other instrument executed by you, but we and our affiliates reserve the right to do so in the future. We and our affiliates do not guarantee or co-sign your notes, leases or any other obligations.

ITEM 11

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

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

JRL's Obligations Prior To Opening the Restaurant

Before you open your Restaurant, we will:

1. Review site proposal packages you submit (and additional submissions made by you) and reject, approve or provide comments to you regarding the proposal within 30 days after we receive the completed proposal (or additional submission). (Area Development Agreement, Section 6.A; Restaurant Franchise Agreement, Section 2.A.(2).) If you cannot find an acceptable Restaurant Site within 30 days after the Effective Date of the Restaurant Franchise Agreement or sign an approved lease for the Restaurant Site within 45 days after approval of the Restaurant Site, then we may terminate the Restaurant Franchise Agreement. (Restaurant Franchise Agreement, Sections 19.A.(1) and (2).)

2. Within ten days after we approve your Restaurant Site, you must request, and we will provide to you, a restaurant design package that will include a sample layout for the interior of a typical Restaurant with a set of typical preliminary plans and equipment and décor specifications. (Restaurant Franchise Agreement, Section 6.B.(1).)

3. Review, comment on and approve your final plans and specifications. If we do not respond within 15 days after you submit your plans and specifications to us, we will be deemed to have accepted them. (Restaurant Franchise Agreement, Section 6.B.(3).)

4. Upon receipt of your request, consult with you, to the extent we deem necessary, on the construction and equipping of the Restaurant. (Restaurant Franchise Agreement, Section 6.B.(5).)

5. Make a final inspection of the Restaurant after you complete its construction and require any corrections and modifications, as we deem necessary to bring the Restaurant into compliance with accepted plans, equipment, designs and specifications. (Restaurant Franchise Agreement, Section 6.C.)

6. Loan you one copy of the Manuals, as revised periodically, including all bulletins, supplements and ancillary manuals within 30 days after you sign the Restaurant Franchise Agreement. We will provide the Manuals to you for your inspection before you purchase a franchise provided you first sign a Confidentiality Agreement (Exhibit F). (Restaurant Franchise Agreement, Section 7.D.)

7. For your first Restaurant, we provide the Restaurant Management Training Program to you (or, in the case where you are a corporation or other legal entity, to a principal or Control Person) and up to three of your managers and/or assistant managers. For the second and third Restaurants that you develop, we will provide the Restaurant Management Training Program to two of your managers and/or assistant managers. The Restaurant Management Training Program will be scheduled so that you can complete the program at least four weeks before the scheduled opening of your Restaurant. The Restaurant Management Training Program is described later in this Item. (Restaurant Franchise Agreement, Section 8.A.(1).)

8. Provide assistance at the premises of your Restaurant by up to three operational representatives for a period of up to ten days (five days before opening and five days after opening) or as otherwise deemed necessary by us, at our expense, to assist in all phases of the opening of your Restaurant. In the event you schedule any training and subsequently delay or reschedule such training, you will be responsible to pay JRL for any costs and expenses incurred by JRL as a result of the delay or rescheduling. (Restaurant Franchise Agreement, Section 8.A.(3).)

9. Review and approve your Grand Opening Publicity Support Plan. If we do not respond within 30 days after you submit your plan to us, we will be deemed to have approved your Grand Opening Publicity Support Plan as submitted. (Restaurant Franchise Agreement, Section 10.D.)

JRL's Obligations After Opening the Restaurant

During your operation of the Restaurant, we will:

1. Provide amendments and revisions to the Manuals periodically. (Restaurant Franchise Agreement, Section 7.D.)

2. Provide the Restaurant Management Training Program, at your expense, to additional managers and assistant managers who have not completed the Restaurant Management Training Program. (Restaurant Franchise Agreement, Section 8.A.(2).)

3. Conduct continuing quality control through conferences with you and your employees, inspection of the restaurant operations and testing of products and items sold in the Restaurant. (Restaurant Franchise Agreement, Section 8.B.)

4. Upon request, we provide assistance with your obtaining of equipment, signs, fixtures, opening inventory, and supplies. Specifically, upon request, we provide an approved list of suppliers ~~and~~, distributors and specifications for your use in the acquisition of any equipment, inventory, materials, supplies and furnishings for your Restaurant and, if we deem appropriate, continued inspection of the operations of additional suppliers that you request we add to our list of approved suppliers. (While we provide written specifications for these items, we do not deliver or install such items. (Restaurant Franchise Agreement, Section 8.C.(4).)

5. Collect, administer and spend for advertising and promotional purposes monies paid by franchisees and company-operated restaurants into the Fund as described later in this Item. We will create, develop, and place advertising and promotional programs designed to promote and enhance the Johnny Rockets System and, if we deem necessary, test marketing and commarket research activities, for the benefit of the Johnny Rockets System. (Restaurant Franchise Agreement, Section 10.A.)

6. Review all advertising materials submitted to us and proposed for use by you for local advertising. (Restaurant Franchise Agreement, Section 10.E.)

JRL's Obligations Prior to Opening the Mobile Kitchen

Before you open your Mobile Kitchen, we will:

1. Provide you with the layout, specifications and construction design options for your Mobile Kitchen and a list of our designated approved Mobile Kitchen suppliers. (Mobile Kitchen Agreement, Section 5.A.)

2. Make a final inspection of the Mobile Kitchen after construction is complete and confirm Mobile Kitchen was constructed in accordance with our layouts and specifications. (Mobile Kitchen Agreement, Section 5.B.)

3. Loan you one copy of the Manuals, as revised periodically, including all bulletins, supplements and ancillary manuals, within 30 days after you sign the Mobile Kitchen Franchise Agreement. We will provide the Manuals to you for your inspection before you purchase a franchise, provided you sign a Confidentiality Agreement. (Mobile Kitchen Franchise Agreement, Section 6.D.)

4. For your first Mobile Kitchen, we provide the Mobile Kitchen Management Training Program to you (or, in the case where you are a corporation or other legal entity, to a principal or Control Person) and up to three of your managers and/or assistant managers. For the second and third Mobile Kitchens that you

develop, we will provide the Mobile Kitchen Management Training Program to two of your managers and/or assistant managers. The Mobile Kitchen Management Training Program will be scheduled so that you can complete the program at least four weeks before the scheduled opening of your Mobile Kitchen. The Mobile Kitchen Management Training Program is described later in this Item. (Mobile Kitchen Franchise Agreement, Section 7.A.)

5. Review and approve your Grand Opening Publicity Support Plan. If we do not respond within 30 days after you submit your plan to us, we will be deemed to have approved your Grand Opening Publicity Support Plan as submitted. (Mobile Kitchen Franchise Agreement, Section 9.D.)

JRL's Obligations After Opening the Mobile Kitchen

During your operation of the Mobile Kitchen, we will:

1. Provide amendments and revisions to the Manuals periodically. (Mobile Kitchen Franchise Agreement, Section 6.D.)

2. Provide the Mobile Kitchen Management Training Program, at your expense, to additional managers and assistant managers who have not completed the Mobile Kitchen Management Training Program. (Mobile Kitchen Franchise Agreement, Section 7.A(2).)

3. Conduct continuing quality control through conferences with you and your employees, inspection of the mobile kitchen operations and testing of products and items sold in the Mobile Kitchen. (Mobile Kitchen Franchise Agreement, Section 7.B.)

4. Upon request, we provide assistance with your obtaining of equipment, signs, fixtures, opening inventory, and supplies. Specifically, upon request, we provide an approved list of suppliers ~~and~~, distributors and specifications for your use in the acquisition of any equipment, inventory, materials, supplies and furnishings for your Mobile Kitchen and, if we deem appropriate, continued inspection of the operations of additional suppliers that you request we add to our list of approved suppliers. While we provide written specifications, we do not deliver or install such items. (Mobile Kitchen Franchise Agreement, Section 7.C(4).)

5. Collect, administer and spend for advertising and promotional purposes monies paid by franchisees and company-operated restaurants and mobile kitchens into the Fund as described later in this Item. We will create, develop, and place advertising and promotional programs designed to promote and enhance all Mobile Kitchens and Restaurants and, if we deem necessary, test marketing and market research activities, for the benefit of the Johnny Rockets System and Mobile Kitchen System. (Mobile Kitchen Franchise Agreement, Section 9.A.)

6. Review all advertising materials submitted to us and proposed for use by you for local advertising. (Mobile Kitchen Franchise Agreement, Section 9.D.)

Electronic Cash Register System/POS System

You must purchase and maintain a POS System with software that records gross sales and record menu items sold by hourly, daily and weekly increments. The POS System must include a "non-resettable" gross sales recorder and must track all sales. The POS System must provide an accurate account of this information. The POS System must be Internet-ready and connected, via broadband, with dial up back up or other fail safe connectivity to enable us to electronically "poll" at any time all data the system generates. You must obtain the POS System from a JRL approved POS Supplier. The cost for the POS System for Johnny Rockets Traditional and Express

Restaurants currently is about $17,000 to $30,000. To the extent you will operate a Johnny Rockets Drive-Thru Restaurant, you will be required to obtain and install the designated equipment and software for the required automobile drive-thru, which cost is currently about $45,000 to $75,000.The hardware and software currently required for a Mobile Kitchen POS System is SAM-45/SPS-2000 Touch Screen ECR. The cost for the Mobile Kitchen POS System currently is about $10,000 to $20,000.

You will be solely responsible for the acquisition, operation, maintenance and upgrading of the POS System. Neither JRL nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades or updates for the POS System. We currently require that you purchase a maintenance, repair, upgrade or update service contract for the POS System, and that you maintain your POS, Computer and associated systems in accordance with PCI/DSS requirements. There are no contractual limitations in your Restaurant or Mobile Kitchen Franchise Agreement with JRL on the frequency or cost of required upgrades to the POS System. The current annual cost for a service contract is approximately $2,200, but can vary depending on the amount of equipment you own. A firewall router is required for Internet security and Payment Card Industry compliance in accordance with PCI/DSS requirements.

For your Restaurant, you must purchase "Front of the House" and "Back of the House" hardware and software. The hardware currently required for the POS System is as follows: for the "Front of the House" a minimum of three terminals, five printers and two cash drawers, and for the "Back of the House" one fileserver, one monitor, one UPS power conditioner, eight port switches and one printer. The "Front of House" software currently required is one of the following: (i) the Aloha Table Service (version 6.7 or higher) manufactured by Radiant, (ii) Micros RES 3700 TSR manufactured by Micros, (iii) Micros e7 TSR manufactured by Micros, or (iv) Micros Simphony manufactured by Micros. JRL reserves the right to modify the required types of "Front of House" software at any time. All software should be purchased through a recommended Aloha vendor, directly from Radiant, or through Micros, as applicable. The Aloha Table Service System has been in continuous use by company operated Johnny Rockets Restaurants since 1998. The "Back of the House" software system that is currently recommended is the MenuLink (boa.menulink.net) by MenuLink Computer Solutions. The MenuLink Back Office Assistant has an inventory program and has been in continuous use by company operated Johnny Rockets Restaurants since 1998. Additional software required for your "Back of the House" computer are Microsoft Office or a compatible Office suite, and a Johnny Rockets approved polling software solution, currently SAP Remoteware. There are no contractual limitations in your Restaurant Franchise Agreement with JRL on the frequency or cost of required upgrades to these software programs.

We may also require you to acquire and maintain analytic data software from Apis Business Intelligence, LLC d/b/a MarketingVitals.com ("MarketingVitals"). This software analyzes data concerning the operation of your Johnny Rockets Restaurant, including data stored on your POS System, and provides various insights resulting from such data, which both you and we will have access to. We currently pay for the initial set up and ongoing maintenance fees for MarketingVitals from the Fund.

JRL has developed an online Portal Solution (www.jrportal.com) which provides inventory control, cost control, purchasing tracking, and statistical, forecasting and communications programs. You may, but are not required to, use the Portal Solution, and we may offer the necessary software and hardware at our cost without mark-up, however, we are not required to do so, and we may charge for support services when performed.

We reserve the right to change the POS System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the POS System. There are no contractual limitations imposed upon our right to access information generated by the POS System.

Advertising

As described in Item 6 above, you must pay to us a Weekly Marketing Fee in an amount not to exceed 4% of your Weekly Gross Sales, regardless of whether you operate a Restaurant or Mobile Kitchen. Except as noted below, the Weekly Marketing Fee is currently 1.75% of Weekly Gross Sales, but may be raised to 4.0%. We may, upon 30 days' prior written notice to you, suspend and/or reinstate the collection of Weekly Marketing Fees, and to vary the amount payable by you (but this amount shall not exceed 4% of Weekly Gross Sales). In addition to any other rights we may have under the Restaurant or Mobile Kitchen Franchise Agreement, if you fail to pay the Weekly Marketing Fee, you will not receive any marketing material from us until you come current with your Weekly Marketing payments.

The Weekly Marketing Fee paid by you and other franchisees (including both Restaurant and Mobile Kitchen franchisees) is placed in an account we control ("Fund"). Johnny Rockets Restaurants or Mobile Kitchens operated by our affiliates contribute to the Fund on the same basis as comparable franchisees. We and our designated agents may spend the monies in the Fund in the manner we deem most appropriate, which may include local, regional and/or national advertising coverage. For example, we may use the Fund for various purposes, including, but not limited to, (1) salaries, benefits and any other payments made to employees or any other individuals or entities providing services to the Fund, (2) broadcast or print advertising, (3) the creation, development and production of advertising and promotional material (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising), (4) any marketing or related research and development, and (5) advertising and marketing expenses, including product and food research and development by the marketing and purchasing departments, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines, and overhead and administrative costs of the marketing and purchasing departments, including salaries for marketing and purchasing support personnel. We have the right to make all decisions regarding the type, quality and quantity of promotional campaigns developed by the Fund. We usually work with advertising agencies at the direction of our marketing department in developing advertising materials. We are not obligated to spend any amount on advertising in the territory or area in which your Restaurant is located.

We own and administer the Fund, and we may be reimbursed from the Fund for our actual expenses incurred in administering these advertising and promotional activities. However, we do not receive a fee for administering the Fund. In administering the Fund, we and/or our agents and designees undertake no obligation to make expenditures for you that are equivalent or proportional to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotional programs developed by us and our agents and designees. The Fund is not a trust or escrow account. We do not have any fiduciary obligations relative to the Fund. If all Weekly Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. The Fund is not audited. Within a reasonable time following your written request, however, we will deliver to you a statement (prepared using consistently applied accounting principles) of all receipts and advertising and promotional expenditures of the Fund during the fiscal year preceding the date of your request.

For the year ended January 1, 2017, Fund income was spent in the following approximate amounts: 20.1% on public relations, social and digital media, and sponsorships; 36.7% on point of purchase items, creative agency, photograph and video; 3.9% on research and development; 39.1% on administrative expenses; and 0.2% on licensing. No portion of the Fund is used to solicit new franchises.

In addition to paying the Weekly Marketing Fee, you (regardless of whether you operate a Restaurant or Mobile Kitchen) must spend during each calendar quarter 2% of Weekly Gross Sales for local advertising created by you, which may include advertising published in local media and promotional merchandise distributed in the

community. These monies are not paid to us except a nominal amount that goes toward the pro-rata share of our rent charged against our Marketing Department. All advertising material, including Internet advertising, must be approved by us before use.

We may designate certain geographic areas for the purpose of establishing cooperative advertising programs to be participated in by all franchisees within a particular geographic area ("Co-Op Advertising Region"). If and when we create a Co-Op Advertising Region for the geographic area in which your Restaurant or Mobile Kitchen is located, you must participate in the Co-Op Advertising Region. The members of the Co-Op Advertising Region must administer the Co-Op advertising program or programs. We presently anticipate that, if a Co-Op Advertising Region is established, it will be governed by written articles and bylaws, which will be approved by a majority vote, based on one vote per Restaurant or Mobile Kitchen owned in each region. The Co-Op Advertising Region members may require each member to contribute to the Co-Op Advertising Region a percentage of each member's Weekly Gross Sales to be used for a regional Co-Op advertising program or programs. All of your contributions to the Co-Op Advertising Region will be applied against the minimum local advertising requirement described above. If any company or affiliate owned Johnny Rockets Restaurant or Mobile Kitchen is located within a Co-Op Advertising Region, we will contribute to the Co-Op Region for each Johnny Rockets Restaurant or Mobile Kitchen operated by us or any affiliate the amount that would be required to be contributed to the Co-Op Advertising Region if it were a franchised Restaurant or Mobile Kitchen. Except by voluntary agreement among the members of the particular Co-Op Advertising Region (as provided in the Bylaws of the particular Co-op, which may or may not require unanimous consent of its members), we may not require you to contribute more than 3% of Weekly Gross Sales towards the activities of the Co-Op Advertising Region. No Co-Op Advertising Region has been established as of the date of this Disclosure Document.

If you are signing your Restaurant Franchise Agreement under an earlier version of the Area Development Agreement, your advertising requirements may be modified to conform to the modified provisions, if any, in your Area Development Agreement.

Finally, concurrent with the signing of your Restaurant or Mobile Kitchen Franchise Agreement and the payment of the Initial Franchise Fee, you must pay to us a Grand Opening Publicity Support Fee in an amount ranging from $5,000 to $10,000 depending on the size and location of your Restaurant or the size of the Operation Area of your Mobile Kitchen. We will have the absolute right to determine your required Grand Opening Publicity Support Fee. Your Grand Opening Publicity Support Plan must be submitted to us no later than 90 days prior to the scheduled opening of your Restaurant or Mobile Kitchen. The Grand Opening Publicity Support Fee will be used to pay for advertising, promotion, events and publicity purchased in support of the grand opening of your Restaurant or Mobile Kitchen pursuant to your approved Grand Opening Publicity Support Plan. The Grand Opening Publicity Support Fee paid by you will be deposited in an account with other marketing fees. Upon our receipt of paid invoices from you for approved promotional and publicity events pursuant to your Grand Opening Marketing Support Plan, you will be reimbursed from your Grand Opening Publicity Support Fee. Any such paid invoices must be submitted for reimbursement no later than 90 days after the opening of your Restaurant or Mobile Kitchen or such invoices will not be reimbursed. Any amount of the Grand Opening Publicity Support Fee not paid to you as a result of your failure to submit a paid invoice to us as required above, will be forfeited and paid into the Fund (as described above). All promotional, publicity and/or advertising materials, including Internet advertising, must be approved by us before use.

Johnny Rockets Franchisee Leadership Council

TJRG formed the Johnny Rockets Franchisee Leadership Council ("JRFLC") in March 2008 as a formal channel of communications between TJRG and its franchise community through regular meetings between management personnel of TJRG ("TJRG Representatives") and representatives of TJRG's franchise community ("Franchisee Representatives") to consider matters of system-wide interest.

The JRFLC acts in an advisory capacity only, making recommendations, when appropriate, to TJRG and the franchise community. The JRFLC does not have the power to bind TJRG, any TJRG Franchisee, or any other person or entity, nor does it have the authority to establish or modify the standards, policies or procedures of TJRG.

The JRFLC currently consists of eight appointed or elected Franchisee Representatives and up to eight TJRG Representatives. Three Franchisee Representatives are based on geographic regions (East, Central and West); the fourth represents those Franchisees owning two or fewer restaurants (Small Group); the fifth represents those Franchisees owning three or greater restaurants (Large Group); and the sixth through eighth Franchisee Representatives, are At-Large seats. In the future, all Franchisee Representatives will be elected by the vote of "Franchisees in Good Standing", or appointed by TJRG. Each Franchisee Representative is elected to serve for a term of two years. TJRG may substitute or replace its representatives at any time.

Gift Card Program

You will be required to participate in an electronic gift card program which includes services such as gift card issuance, redemption, reloading, and balance inquiry. Depending on the specifications of your POS System and internet connection capabilities, you may need to purchase additional processing equipment to participate in the electronic gift card program. Your POS System may feature a compatible Gift Card Integration module. In that case, JRL may not require additional hardware purchased beyond the built-in integration to facilitate the successful functions of gift card issuance, redemption, reloading, and balance inquiries. However, in the event your POS System does not support Integrated Gift Card processing, you will be required to purchase one of the following VeriFone Terminal/Printer packages to facilitate the successful functions of gift card issuance, redemption, reloading, and balance inquiries: (1) the Trans 460 package, (2) the OMNI 3750 Dial package, or (3) the OMNI 3750 IP package. If you are required to purchase a Verifone Terminal/Printer package, the package you will need to purchase will depend on the specifications of your POS System and your internet connection capabilities. JRL reserves the right to change providers for the gift card program at any time. In the event JRL changes providers for the gift card program, and additional equipment is required to implement the gift card program, you will be required to purchase the additional equipment at your expense.

Currently, Stored Value Systems is our approved gift card vendor. You should contact Stored Value Systems to determine what additional equipment, if any, you must purchase to participate in the electronic gift card program. You will be required to sign a Gift Card Participation Agreement as well as an ACH (electronic funds transfer) Authorization Agreement with JRL's gift card vendor. A copy of the Gift Card Participation Agreement is attached to this Disclosure Document as Exhibit D.

Opening of the Restaurant

Before entering into a Restaurant Franchise Agreement, we must approve you as a franchisee (or, if you already are a franchisee, approve you for expansion), and you and we must mutually agree upon the specific location of the Restaurant Site. We do not generally own the Restaurant Site and lease it to you. The date upon which you receive approval from us for a Restaurant Site will be deemed the "Site Approval Date." Shortly after the Site Approval Date, we will provide you with an execution copy of the Restaurant Franchise Agreement. If you sign a Restaurant Franchise Agreement before the Site Approval Date, you must submit and receive approval for a Restaurant Site within 30 days after the Effective Date of the Restaurant Franchise Agreement. Except where we may suggest a Restaurant Site as described below, you alone must select the Restaurant Site, which Restaurant Site will be subject to our written approval. We will notify you of our approval or disapproval within 30 days after our receipt of your site proposal package. We will base our approval or disapproval on a variety of factors including population density and make-up, neighborhood characteristics, income levels, traffic count and access, visibility, parking size and street access, proximity to competing businesses, proximity to other Restaurants operated or franchised by us and proximity to retail and residential centers and other business generation sources. The same criteria apply whether you will construct a new Restaurant or convert an existing structure or restaurant to a

Restaurant. Our approval is deemed automatically given if you acquire a corporate-owned restaurant or a location otherwise owned or leased by us that we have decided to offer to you as a potential Restaurant Site. We have no responsibility and make no representations regarding the appropriateness or success of the Restaurant Site for the operation of your Restaurant. Our identification of, or approval of, a Restaurant Site does not constitute a guarantee, recommendation or assurance as to the success of your Restaurant.

You must provide us with a fully executed copy of an approved lease (including an executed copy of the Addendum to Lease in the form attached as Exhibit C to the Restaurant Franchise Agreement) for a Restaurant Site within 60 days after the Site Approval Date. If you fail to have the "Restaurant Site under control" (execute an approved lease within the time periods set forth in this Section), we, at our option, will have the right to terminate the Restaurant Franchise Agreement without an opportunity to cure.

Although we provide, as stated above in this Item 11 under the subheading "JRLs Obligations Prior to Opening the Restaurant," a restaurant design package that will include a sample layout for the interior of a typical Restaurant with a set of typical preliminary plans and equipment and décor specifications, we do not provide any assistance with conforming the Restaurant Site to local ordinances and building codes and obtaining any required permits and/or hiring and training your employees. While we provide you with our specifications, we do not provide any direct assistance in constructing, remodeling or decorating the Restaurant Site.

Length of Time Until Opening of the Restaurant

We require that the time between the Site Approval Date and the opening of the Restaurant be no more than 390 days. Factors affecting this length of time usually include negotiating an appropriate lease, local ordinance compliance questions and delivery and installation of equipment and signs. After the Site Approval Date, you will be required to complete the different phases of the development of your Restaurant within the following time periods: (a) you must sign a Restaurant Franchise Agreement within 30 days after the Site Approval Date; (b) you must submit to JRL a copy of an approved, fully executed lease (including an executed copy of the Addendum to Lease) no later than 60 days after the Site Approval Date; (c) you must submit complete working drawings, previously approved by JRL, to the appropriate governmental agency no later than 90 days after the date you sign an approved lease; (d) you must obtain a building permit and start construction no later than 120 days after the date you submit complete working drawings approved by us to the appropriate governmental agency; and (e) you must complete construction and open for business to the public no later than 120 days after starting construction of the Restaurant. Failure to complete any of the foregoing phases of development within the applicable time period could result in the termination of your Restaurant Franchise Agreement.

Opening of the Mobile Kitchen

Within 15 days after the Effective Date of your Mobile Kitchen Franchise Agreement, you must select one of our predetermined designs for your Mobile Kitchen and order your Mobile Kitchen from one of our Approved Mobile Kitchen Manufacturers. You may not begin operating your Mobile Kitchen until we have approved the layout and design of your Mobile Kitchen and acknowledged in writing that your Mobile Kitchen, manager and employees are prepared for opening. If you fail to meet any of these obligations, we will have the right to terminate your Mobile Kitchen Franchise Agreement.

Prior to beginning operation of your Mobile Kitchen within the Operation Area, you must obtain all applicable licenses and permits needed to operate from a particular location and provide us with copies of the same.

Although we provide, as stated above in this Item 11 under the subheading "JRLs Obligations Prior to Opening the Mobile Kitchen," layout, specifications and construction design options for your Mobile Kitchen and a list of our designated approved Mobile Kitchen suppliers, we do not provide any assistance with conforming the Mobile Kitchen to local ordinances and building codes and obtaining any required permits and/or hiring and training

your employees. While we provide you with our specifications, we do not provide any direct assistance in constructing, remodeling or decorating the Mobile Kitchen.

Length of Time Until Opening of the Mobile Kitchen

We require that the time between the Effective Date of the Mobile Kitchen Franchise Agreement and the opening of your Mobile Kitchen be no more than 180 days. If you fail to meet this obligation, we will have the right to terminate your Mobile Kitchen Franchise Agreement.

Management Training

Restaurant Training

The Initial Restaurant Management Training Program for a Restaurant will last approximately four weeks and will include 24 shifts consisting of classroom and on-the-job training and self-study modules and applications. For your first Restaurant, we will provide the Restaurant Management Training Program to you (or, in the case where you are a corporation or other legal entity, to a principal or Control Person who has been approved in writing by us) and one additional person designated by you as the manager or assistant manager responsible for the operation of the Restaurant must attend our Initial Restaurant Management Training Program. At your option, up to two additional persons designated by you as your Restaurant managers or assistant managers may also attend our Initial Restaurant Management Training Program. You must secure our prior written approval for any and all attendees of our Initial Restaurant Management Training Program, except for you or your Control Person (collectively, "Trainees"). A minimum of two persons, one of which is your Control Person, are required to complete our Restaurant Management Training Program to our satisfaction prior to the opening of each of your first three Restaurants. For the second and third Restaurants that you develop, we will provide the Restaurant Management Training Program to two persons designated by you as the managers and/or assistant managers responsible for the operation of your second and third Restaurants, both of which are required to complete the training to our satisfaction. After your third Restaurant, you will be required to provide your own management training from your existing staff. You will be required to pay us for any additional management training we provide to you or your employees. We charge a Management Training Fee of $4,000 for each additional individual that attends our 24-shift Restaurant Management Training Program. If the entire 24-shift Restaurant Management Training Program is not necessary for the additional training, a fee for such additional management training will be agreed to by the parties before such management training begins. You also must pay the Management Training Fee for training replacement managers for any person who fails to complete the Restaurant Management Training Program to our satisfaction and for additional management and personnel.

The Initial Restaurant Management Training Program will cover the procedures necessary to properly operate a Restaurant. The training will be offered at one of our company certified training restaurants across the country. The location and duration of the training may be altered by us based on your training needs and other factors including the availability of a certified training restaurant. Training topics include, but are not limited to, guest relations, positional training, marketing, human resource functions, health and sanitation requirements, leadership, hiring, staffing, profit and loss analysis, food cost controls, safety, purchasing, and Operational Systems Management, including use of the JR Portal and other computer based management and operational tools. Successful completion of the Initial Restaurant Management Training Program does not guaranty success with your Restaurant.

The Initial Restaurant Management Training Program will be offered free of charge to the Trainees as provided above in this Section, except that you must pay for all costs for travel, room and board, wages and other personal expenses of these individuals. The Trainees must successfully complete the Initial Restaurant Management Training Program to our satisfaction before you can open your Restaurant to the public. We may terminate the Restaurant Franchise Agreement if you fail to complete the Initial Restaurant Management Training Program in a

manner satisfactory to us. However, if any manager or assistant manager fails to complete the Initial Restaurant Management Training Program to our satisfaction, you will have the option of sending one other designated person approved by us to the Initial Restaurant Management Training Program in place of each initial manager or assistant manager. No person may act as a Control Person, manager, or assistant manager unless they have first successfully completed the Initial Restaurant Training Management Program to our satisfaction. There is ~~not~~no specific number of days before opening the Restaurant that we require completion of the Initial Restaurant Management Training Program, but we endeavor to schedule the Initial Restaurant Management Training Program as close as possible to the opening of the Restaurant.

In addition to the Initial Restaurant Management Training Program described above, immediately before and after the opening of your Restaurant, we offer to you, free of cost, the assistance of up to three operational representatives at your Restaurant for up to five days before and five days after you open your Restaurant or as otherwise deemed necessary by us to assist in all phases of opening your Restaurant. The assistance offered at the opening of your Restaurant may vary depending on the size of your Restaurant and whether you will offer all menu items from your Restaurant. In the event your Restaurant does not offer the full Johnny Rockets menu, your opening assistance will consist of four days before and three days after you open your Restaurant.

In the event you schedule any training and subsequently delay or reschedule such training, you will be responsible to pay JRL for any costs and expenses incurred by JRL as a result of the delay or rescheduling.

For every three Restaurants you develop, one of those three Restaurants must become a Certified Training Center for the training of your management and staff personnel before you will be allowed to develop any additional Restaurants. Some of the benefits of having one of your Restaurants become a Certified Training Center include (a) you will have the ability to train managers within your own network of Restaurants, (b) Certified Training Centers will be the first franchise restaurants to receive new training procedures and tools that are incorporated system wide, (c) your management personnel will have a better opportunity to progress in their professional development, and (d) an overall reduction in training costs. A Restaurant may become a Certified Training Center if it meets the standards and qualifications required by us, if it has been and continues to be in full compliance with its Restaurant Franchise Agreement, and the required number of managers satisfactorily complete the additional required training to become "Certified Training Managers." We will provide the certification training to your managers at no cost to you, except you will be responsible for the cost of travel to the training and room and board during the training.

When one of your Restaurants has qualified and been designated as a Certified Training Center, you will be required to appoint at least one of your Certified Trainers as an Opening Unit Coordinator ("OUC"). Thereafter, the OUC will be responsible for making sure your staff and personnel receive and pass the proper training for the operation of your Restaurant. You may appoint one or more Certified Trainers as an OUC.

In addition to the training described above, there is a one (1) day "Serve Safe" training, provided by a third party provider, that is required for anyone classified as a Control Person or anyone in a management position. You can schedule this training at a time and location of your convenience, but it must be completed prior to opening your Restaurant. The cost of the "Serve Safe" training ranges from approximately $100 to $150 per person.

The following chart summarizes the subjects covered during our Initial Restaurant Management Training Program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours On-the-Job-Training	Location
Orientation	6	0	Certified Training Center
Product and Menu Specifications	2	0	Certified Training Center
Safety/Sanitation/ Equipment Repair and Maintenance	3	7	Certified Training Center
Food Preparation & Cooking	6	30	Certified Training Center
Service, Cashier and Takeout Procedures	5	30	Certified Training Center
Restaurant Opening Procedures including Smallwares and Food Orders	0	10	Certified Training Center
General Restaurant Management	20	44	Certified Training Center
Cost Control including inventory control and P&L	3	12	Certified Training Center
Quality Control	2	4	Certified Training Center
Certification	10	10	Certified Training Center
Total:	**57**	**147**	

NOTES

1. All training is scheduled and provided on an as needed basis. Instructional materials supplied by us, via our website at johnnyrockets.com on our JR Portal tab, for the Initial Restaurant Management Training Program presently include a training manual, an MIT workbook, menus and various other materials as needed which may include some or all of the following materials:

Development
Artwork
Design CDs
Real Estate & Construction
New Store Opening

Operations
Franchise
Spec Products
Brand Marketing
Crew Training
Management Training
Recipe Manual
Facilities

2. Different Certified Training Managers are assigned based upon the geographic location of the Restaurant. On average, the Certified Training Managers have three years of experience with JRL and three or more years of experience in the field relevant to the subject taught and the franchisor's operations.

3 If we determine that you or your Control Person or your Managers or assistant managers require additional training or if you hire an additional or replacement Manager or assistant manager and we determine that you are unable to adequately train your Manager or assistant manager, and we may require that you or your Manager or assistant manager satisfactorily complete additional training which we designate. You must pay us a $4,000 Training Fee for each individual who attends training. All expenses for you and your personnel incurred while attending or obtaining all training will be borne entirely by you.

As a part of your ongoing training, we may hold a Franchise Conference once every two years and Webinars, as necessary, during the year to discuss what we are doing to improve the brand, new products and promotions, and other relevant changes to the System. Attendance at each Franchise Conference is at your sole cost and expense. Either you or your designee must attend each Franchise Conference.

4. The Initial Restaurant Management Training Program is provided at a Certified Training Center. Our Certified Training Centers are located in: (1) West Nyack, New Jersey; (2) Paramus, New Jersey; (3) Orange, California; (4) Reno, Nevada, and (5) National Harbor, Maryland.

Mobile Kitchen Training

The Initial Mobile Kitchen Management Training Program for a Mobile Kitchen will last up to three (3) days or as we deem appropriate. For your first Mobile Kitchen, we will provide the Mobile Kitchen Management Training Program to you (or, in the case where you are a corporation or other legal entity, to a principal or Control Person who has been approved in writing by us) and up to three additional persons designated by you as the managers and/or assistant managers responsible for the operation of your Mobile Kitchen (collectively, "Trainees"). A minimum of two persons, one of which is your Control Person, are required to complete our Mobile Kitchen Management Training Program to our satisfaction prior to the opening of each of your first three Mobile Kitchens. For the second and third Mobile Kitchens that you develop, we will provide the Mobile Kitchen Management Training Program to two persons designated by you as the managers and/or assistant managers responsible for the operation of your second and third Mobile Kitchens, both of which are required to complete the training to our satisfaction. After your third Mobile Kitchen, you will be responsible for training the managers and/or assistance managers for these Mobile Kitchens. You will be required to pay us for any additional management training we provide to you or your employees. We charge a Management Training Fee of $3,000 for each additional individual that attends our Mobile Kitchen Management Training Program. If the entire Mobile Kitchen Management Training Program is not necessary for the additional training, a fee for such additional management training will be agreed to by the parties before such management training begins. You also must pay the Mobile Kitchen Management Training Fee for training replacement managers for any person who fails to complete the Mobile Kitchen Management Training Program to our satisfaction and for additional management and personnel. There is ~~not~~no specific number of days before opening of the Mobile Kitchen that we require completion of the Mobile Kitchen Management Training Program, but we endeavor to schedule the Mobile Kitchen Management Training Program as close as possible to the opening of the Mobile Kitchen.

The Initial Mobile Kitchen Management Training Program will cover the procedures necessary to properly operate the restaurant portion of a Mobile Kitchen. The Approved Mobile Kitchen Manufacturer you select for the construction of your Mobile Kitchen will provide you with training regarding the operation of the automotive portion of the Mobile Kitchen. The training will be offered at one of our company certified training restaurants across the country. The location and duration of the training may be altered by us based on your training needs and other factors including the availability of a certified training restaurant. Training topics include, but are not limited to, guest relations, positional training, marketing, human resource functions, health and sanitation requirements,

leadership, hiring, staffing, profit and loss analysis, food cost controls, safety, purchasing, and Operational Systems Management, including use of the JR Portal and other computer based management and operational tools. Successful completion of the Initial Mobile Kitchen Management Training Program does not guaranty success with your Mobile Kitchen.

The Initial Mobile Kitchen Management Training Program will be offered free of cost to the Trainees as provided above in this Section, except that you must pay for all costs for travel, room and board, wages and other personal expenses of these individuals. The Trainees must successfully complete the Initial Mobile Kitchen Management Training Program to our satisfaction before you can open your Mobile Kitchen to the public. We may terminate your Mobile Kitchen Franchise Agreement if you fail to complete the Initial Mobile Kitchen Management Training Program in a manner satisfactory to us. However, if any manager or assistant manager fails to complete the Initial Mobile Kitchen Management Training Program to our satisfaction, you will have the option of sending one other designated person approved by us to the Initial Mobile Kitchen Management Training Program in place of each initial manager or assistant manager. No person may act as a Control Person, manager, or assistant manager unless they have first successfully completed the Initial Training Management Program to our satisfaction.

In the event you schedule any training and subsequently delay or reschedule such training, you will be responsible to pay JRL for any costs and expenses incurred by JRL as a result of the delay or rescheduling.

In addition to the training described above, there is a one (1) day "Serve Safe" training, provided by a third party provider, that is required for anyone classified as a Control Person or anyone in a management position. You can schedule this training at a time and location of your convenience, but it must be completed prior to opening your Mobile Kitchen. The cost of the "Serve Safe" training ranges from approximately $100 to $150 per person.

The following chart summarizes the subjects covered during our Initial Mobile Kitchen Management Training Program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours On-the-Job-Training	Location
Orientation	6	0	Certified Training Center
Product and Menu Specification	2	0	Certified Training Center
Safety/Sanitation/Equipment Repair and Maintenance	3	7	Certified Training Center and Mobile Kitchen
Food Preparation & Cooking	6	30	Certified Training Center and Mobile Kitchen
Cashier and Takeout Procedure	2	5	Certified Training Center and Mobile Kitchen
Restaurant Opening Procedures including smallwares and Food Orders	0	10	Certified Training Center and Mobile Kitchen

Subject	Hours of Classroom Training	Hours On-the-Job-Training	Location
General Restaurant Management	20	44	Certified Training Center and Mobile Kitchen
Cost Control including inventory control and P&L	3	12	Certified Training Center and Mobile Kitchen
Quality Control	2	4	Certified Training Center and Mobile Kitchen
Certification	10	10	Certified Training Center and Mobile Kitchen
Total:	**43**	**115**	

NOTES

1. All training is scheduled and provided on an as needed basis. Instructional materials supplied by us, via our website at johnnyrockets.com on our JR Portal tab, for the Initial Mobile Kitchen Management Training Program presently include a training manual, an MIT workbook, menus and various other materials as needed which may include some or all of the following materials:

Development
Artwork
New Mobile Kitchen Opening

Operations
Franchise
Spec Products
Brand Marketing
Crew Training
Management Training
Recipe Manual

2. Different Certified Training Managers are assigned based upon the geographic location of your Mobile Kitchen. On average, the Certified Training Managers have three years of experience with JRL and three or more years of experience in the field relevant to the subject taught and the franchisor's operations.

3. If we determine that you or your Control Person or your Managers or assistant managers require additional training or if you hire an additional or replacement Manager or assistant manager and we determine that you are unable to adequately train your Manager or assistant manager, and we may require that you or your Manager or assistant manager satisfactorily complete additional training which we designate. You must pay us a $3,000 Training Fee for each individual who attends training. All expenses for you and your personnel incurred while attending or obtaining all training will be borne entirely by you.

As a part of your ongoing training, we may hold a Franchise Conference every two years and Webinars, as necessary, during the year to discuss what we are doing to improve the brand, new products and promotions, and other relevant changes to the Mobile Kitchen System. Attendance at each Franchise Conference is at your sole cost and expense. Either you or your designee must attend each Franchise Conference.

4. The Initial Mobile Kitchen Management Training Program is provided at a Certified Training Center. Our Certified Training Centers are located in: (1) West Nyack, New Jersey; (2) Paramus, New Jersey; (3) Orange, California; (4) Reno, Nevada, and (5) National Harbor, Maryland.

ITEM 12

TERRITORY

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of Restaurants at Venues in a specified Development Area, subject to our approval. The time period within which you will be required to develop the specified number of Restaurants will also be specified in the Area Development Agreement. "Venues" include all sites and locations other than "non-traditional venues." "Non-Traditional Venues" means and includes (a) institutional settings, including airports and other transportation facilities, colleges and universities, schools, hospitals, military and other governmental/ municipal facilities, office or in-plant food service facilities, (b) recreational settings, including hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, and public or private athletic fields, public parks and beaches or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or will be provided by a master concessionaire or contract food service provider, including a shopping center mall food court. You will submit a complete "Site Proposal Package" for each Restaurant to be developed under the Area Development Agreement. The Site Proposal Package shall contain such information regarding the proposed Restaurant Site as we shall require, in the form which we shall from time to time require, together with a copy of a fully executed letter of intent or purchase agreement containing the terms of the proposed lease for such site. The Site Proposal Package for the first Restaurant Site must be submitted concurrently with your application for the Area Development Agreement. Thereafter, a Site Proposal Package for each remaining Restaurant required to be developed under the Area Development Agreement must be submitted to us in a timely manner to allow the development and opening of the Restaurant by the date required in the Development Schedule. If we do not reject the proposed Restaurant Site in writing within 30 days after a receipt of a Site Proposal Package, the proposed Restaurant Site shall be deemed preliminarily accepted by us. Our acceptance of a Restaurant Site proposed by you will not be unreasonably withheld or delayed.

The Development Area will be a clearly defined area described in Exhibit 1 to the Area Development Agreement. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a Restaurant at any Venue, except for Non-Traditional Venues as described above, within your Development Area. Your Area Development Agreement will terminate on the date of the approval of the last Restaurant Site that is required to be developed under the Area Development Agreement.

We reserve the right to: (i) own, operate or license others to operate Restaurants or Mobile Kitchens at any location outside the Development Area, including immediately adjacent to the Development Area; (ii) own, operate or license others to operate Restaurants or Mobile Kitchens at any site or location which is a Non-Traditional Venue, even if located within your Development Area, and regardless of its proximity to any Restaurant which you have developed, or which is under development or consideration by you; (iii) own, operate or license others to operate restaurants and other businesses which operate under a name other than "Johnny Rockets" at any location, whether within or outside your Development Area and regardless of their proximity to any Restaurant developed, or under development or consideration by you; and (iv) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise services and/or products, whether or not authorized for sale at Restaurants or Mobile Kitchens, under the Johnny Rockets Marks or other trademarks, service marks logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet and other distribution methods, without geographic limitation, regardless of whether or not it is located in your Development Area.

We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

There are no minimum sales quotas or other conditions that must be met in order to maintain your limited exclusivity in your Development Area. However, if you are in default under the Area Development Agreement, we may terminate the Area Development Agreement and the limited exclusivity in the Development Area. There are no restrictions on the areas in which you may advertise or solicit customers. You do not receive any right under the Area Development Agreement to develop Restaurants or Mobile Kitchens outside of your Development Area, although you may apply for the right to operate specified number of additional Restaurants in another development area under a separate area development agreement.

Restaurant Franchise Agreement

The license granted to you under the Restaurant Franchise Agreement to use the Marks is nonexclusive. 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.

We reserve the right to: (i) own, operate or license others to operate Restaurants or Mobile Kitchens at any location regardless of the proximity to any Restaurant developed or under development at the Restaurant Site, or under consideration by you; (ii) own, operate or license others to operate restaurants and other businesses which operate under names other than Johnny Rockets at any location, regardless of the proximity to any Restaurant developed or under development at the Restaurant Site, or under consideration by you; (iii) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at Restaurants, under the Johnny Rockets Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, regardless of the proximity to any Restaurant developed or under development at the Restaurant Site, or under consideration by you; and (iv) produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the Johnny Rockets Marks or other marks regardless of the proximity to any Restaurant developed or under development at the Restaurant Site, or under consideration by you, and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems symbols, designs and other identifying characteristics as may be developed or used from time to time by JRL.

We are not required to pay you if we exercise any of the rights specified above.

You are granted no exclusivity regarding customers. We do not place any restrictions on our franchisees as to the customers they may solicit or service, but you do not have the right to use other channels of distribution, such as the Internet, catalog or telemarketing, to make sales. Under the Restaurant Franchise Agreement, you may operate the Restaurant only at a specific approved location.

You may not relocate the Restaurant to any other location without our prior written approval ~~and~~. You must reimburse us for any reasonable costs we incur in considering any relocation request. We will grant approval if you are in compliance with the Franchise Agreement, you have good cause, you have paid all money owed to us and our affiliates, and the proposed location meets our site selection criteria.

You do not receive any right under the Restaurant Franchise Agreement to develop any additional Restaurants, although you may apply for the right to operate additional Restaurants under separate franchise agreements. Under the Restaurant Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated nor on your penetration of the market potential. You may not operate your own website on the Internet with regards to your Restaurant for use by your customers or the general public, but may use the corporate website operated by JRL for such persons.

You are not granted options, rights of first refusal, or any other similar right to acquire additional franchises.

Mobile Kitchen Franchise Agreement

Under the Mobile Kitchen Franchise Agreement, we grant you the right to operate your Mobile Kitchen inside a specified Operation Area, detailed in Exhibit A to the Mobile Kitchen Franchise Agreement. Your Operation Area will be determined based, in part, on the size of the population within the Operation Area, the potential customer base of the Operation Area and other economic, demographic and geographic factors that we so determine. Your Operation Area will not be an exclusive territory, as we may operate or license others the right to operate Restaurants and, in some cases, Mobile Kitchens, inside your Operation Area. We will identify your Operation Area in Exhibit A to your Mobile Kitchen Franchise Agreement. You may not operate your Mobile Kitchen within a three (3)-mile radius of any existing Restaurant even if the location is located inside your Operating Area.

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

We reserve the right to: (i) own, operate or license others to operate Restaurants or Mobile Kitchens at any location regardless of the proximity to your Operation Area; (ii) own, operate or license others to operate mobile kitchens, restaurants and other businesses which operate under names other than Johnny Rockets at any location, regardless of the proximity to your Operation Area; (iii) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at Johnny Rockets Mobile Kitchens, under the Johnny Rockets Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, regardless of the proximity to your Operation Area; and (iv) produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the Johnny Rockets Marks or other marks regardless of the proximity to your Operation Area, and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

We are not required to pay you if we exercise any of the rights specified above.

You are granted no exclusivity regarding customers. We do not place any restrictions on our franchisees as to the customers they may solicit or service, but you do not have the right to use other channels of distribution, such as the Internet, catalog or telemarketing, to make sales.

You may not relocate to or operate your Mobile Kitchen from a location outside your Operation Area without our prior written approval ~~and~~. You must reimburse us for any reasonable costs we incur in considering any relocation request. We will grant approval if you are in compliance with the Franchise Agreement, you have paid all money owed to us and our affiliates, you have good cause, and the proposed Operation Area meets our Operations Area criteria.

You do not receive any right under the Mobile Kitchen Franchise Agreement to develop any additional Mobile Kitchens, although you may apply for the right to operate additional Mobile Kitchens under separate franchise agreements. Under the Mobile Kitchen Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated nor on your penetration of the market potential. You may not operate your own website on the Internet with regards to your Johnny Rockets Mobile Kitchen for use by your customers or the general public, but may use the corporate website operated by JRL for such persons.

You are not granted options, rights of first refusal, or any other similar right to acquire additional franchises.

Pursuant to a Shared Services Agreement effective as of July 27, 2016, certain employees of FIC Restaurants, Inc. ("FICR") may be directed, as independent contractors acting on our behalf, to fulfill some of our duties and obligations under existing and future franchise agreements and development agreements, including marketing and offering new and renewal franchise agreements and development agreements, identifying and developing new locations and providing required support to franchisees. Pursuant to the same Shared Services Agreement, certain employees of TJRG may be directed, as independent contractors, to fulfill some of the Friendly's duties and obligations under their existing and future franchise agreements and development agreements. Friendly's restaurants operate under the trademark FRIENDLY'S®. The lunch and dinner menu offerings of these casual dining restaurants are similar to offerings in Johnny Rockets Restaurants. Currently, the majority of existing Johnny Rockets Restaurants are located in geographic areas remote from Friendly's restaurants. However, Friendly's franchisees may now or in the future compete with you by operating within your territory. Any potential conflict between franchisees of each system will be resolved on a case by case basis. As noted in Item 1, the principal place of business of FICR is different from ours.

ITEM 13

TRADEMARKS

If you operate a Restaurant or Mobile Kitchen, we grant you the right to operate your Restaurant or Mobile Kitchen under the names "JOHNNY ROCKETS®" and "JOHNNY ROCKETS THE ORIGINAL HAMBURGER®" and to use our other current or future Marks that we designate in the operation of your Restaurant or Mobile Kitchen. By "Marks," we mean certain designs, phrases, logos, trademarks, service marks and other items now or hereafter owned, used or provided by JRL for use in your Restaurant or Mobile Kitchen.

In addition to other registered trademarks, we have registered the following principal trademarks with the United States Patent and Trademark Office ("USPTO") on the Principal Register and all required affidavits of continuing use have been filed and accepted:

Registered Trademarks

Mark	Registration No.	Registration Date	Register
JOHNNY ROCKETS	1,436,052	April 7, 1987	Principal
JOHNNY ROCKETS THE ORIGINAL HAMBURGER and Design	2,672,110 2,672,109 1,951,318	January 7, 2003 January 7, 2003 January 23, 1996	Principal
JOHNNY ROCKETS THE ORIGINAL HAMBURGER and Design	1,522,028 1,448,387 1,740,033 1,436,053	January 24, 1989 July 21, 1987 December 15, 1992 April 7, 1987	Principal

Mark	Registration No.	Registration Date	Register
	5,138,720	February 7, 2017	Principal
	5,121,062	January 10, 2017	Principal
STREAMLINER	2,129,076	January 13, 1998	Principal
ROCKET DOUBLE	2,726,750	June 17, 2003	Principal
ROCKET SINGLE	2,726,751	June 17, 2003	Principal
ROCKET WINGS	3,063,348	February 28, 2006	Principal
THE FLAVORS OF ROUTE 66	4,989,548	June 28, 2016	Principal
STAY ORIGINAL	5,070,184	October 25, 2016	Principal
LOADED STREET	5,106,118	December 20, 2016	Principal

You must follow our rules when you use these Marks. You cannot use the Marks in connection with any other entity or business in which you have an interest, direct or indirect, or as any part of the name of the entity operating the Restaurant or Mobile Kitchen.

There are no presently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation in the United States involving the Marks. There are no agreements currently in effect, that significantly limit our rights to use or license the Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

If you learn of any improper use of the Marks or any other trade name or service mark used by any third party which is confusingly similar to the Marks or of any infringement or challenge to your use of the Marks, you must notify us in writing immediately. Upon receipt of written notification, we may elect to undertake and control the prosecution, defense or settlement of any legal action associated with any infringement or challenge. To this end, you must assist us in carrying out the action. As more specifically described in the Restaurant and Mobile Kitchen Franchise Agreements, we will reimburse you as soon as practicable for any expenses you incur at our request, upon submission of proof of these expenses in form reasonably satisfactory to us.

You must immediately notify us if any third party asserts any challenge, claim or action against you for infringement or unfair competition on account of your use of the Marks. We will undertake and control the defense or settlement of any challenge, claim or action and reimburse you promptly for all out-of-pocket expenses and actual damages (other than loss of income), that you incur, upon submission of proof of these expenses or damages in a form reasonably satisfactory to us; however, our obligations to defend and to reimburse you will exist only if you have used the Mark in strict accordance with the terms of the Restaurant or Mobile Kitchen Franchise Agreement

and our rules, regulations, procedures, requirements and instructions, have promptly notified us of the challenge, claim and action as described above, and have otherwise fully cooperated with us in the defense of any action.

If we determine at any time that it becomes advisable to modify or discontinue use of any of the Marks or to use one or more additional or substitute names or marks, you must immediately comply with all of our instructions. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue using any of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents, patent applications or copyrights that are material to your Restaurant, Mobile Kitchen, the Johnny Rockets System or the Mobile Kitchen System. However, we claim copyright protection in the Manuals and our menu formats, advertising materials, computer programs, training materials and the like. If you reproduce or have reproduced any of these items, you must ensure when appropriate that each item bears a copyright notice.

If your Restaurant Franchise Agreement, Mobile Kitchen Franchise Agreement or Area Development Agreement is owned by a corporation, limited liability company or some other form of business entity, the name "Johnny Rockets" may not be used in the name of any such business entity or as part of any domain name or email address as it is a protected name.

We also claim proprietary rights in certain recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of developing, marketing and operating Restaurants, Mobile Kitchens and other retail outlets featuring the sale of hamburgers, fries, chili, hand dipped shakes and malts and related products ("Trade Secrets"). We reserve all rights that we have in and to these items. In signing the Area Development Agreement, Restaurant Franchise Agreement and/or Mobile Kitchen Franchise Agreement, you acknowledge that your knowledge of these the Trade Secrets derived from information we have disclosed to you and that this information is proprietary and confidential and constitutes our Trade Secrets. You must: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Restaurant or Mobile Kitchen; (ii) maintain absolute confidentiality of the Trade Secrets; (iii) make no unauthorized copy of any portion of the Trade Secrets, and; (iv) operate and implement all reasonable procedures, which we prescribe to prevent unauthorized use and disclosure of the Trade Secrets including restrictions limiting disclosure to certain employees and use of non-disclosure and non-competition provisions that we prescribe in employment agreements with employees who may have access to this information.

All ideas, concepts, procedures, techniques or processes concerning the Restaurants or Mobile Kitchens, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Johnny Rockets System and/or Mobile Kitchen System and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you operate a Restaurant, you must be personally involved in the operation of your Restaurant on a full-time basis; however, you may delegate the day-to-day management responsibilities to a manager. You and three additional persons designated by you as managers or assistant managers responsible for the operation of your Restaurant must complete our training course. During the term of the Restaurant Franchise Agreement, you or an officer, director, shareholder, member, partner, Control Person, trustee or equity owner of your legal entity approved by us, or a manager or assistant manager who has attended the Restaurant Management Training Program and who has been approved by us must spend a minimum of 40 hours per week at the Restaurant overseeing and supervising the operation of the Restaurant. You must devote at least eight hours per week of physical presence at the Restaurant during open and operating hours. In addition, you must designate a sufficient number of assistant managers to assure that you, a manager or an assistant manager are on the premises of the Restaurant and are actually supervising the operation of the Restaurant during all open and operating hours.

If you operate a Mobile Kitchen, you must be personally involved in the operation of your Mobile Kitchen on a full-time basis; however, you may delegate the day-to-day management responsibilities to a manager or assistant manager. You and three additional persons designated by you as managers or assistant managers responsible for the operation of your Mobile Kitchen must complete our training course.

Regardless of whether you operate a Restaurant or Mobile Kitchen, you must maintain all accounting records, submit all required reports and financial statements described in the Restaurant Franchise Agreement and Mobile Kitchen Franchise Agreement, and submit to us copies of your annual federal, state and, if applicable, city income and sales tax returns, to the extent they relate to the operation of the Restaurant or Mobile Kitchen. All submittals of the foregoing documents shall be made pursuant to a schedule established by us or as otherwise requested by us.

If you are a legal entity, your owners must sign a personal Guaranty and Subordination Agreement attached as an exhibit to the Restaurant Franchise Agreement, Mobile Kitchen Franchise Agreement and the Area Development Agreement. By signing the Guaranty and Subordination Agreement, the owners unconditionally guarantee your full performance of all of your obligations under all agreements between you and us. We do not require that the spouses of owners sign the personal Guaranty and Subordination Agreement.

Your Manager does not need to have an ownership interest in the Restaurant or Mobile Kitchen. At our request, your Manager, and any employees who may have access to our trade secrets, must sign a written agreement to maintain confidentiality of proprietary information.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The essence of the Johnny Rockets System and Mobile Kitchen System is the uniform high quality of its products and services. Restaurants and Mobile Kitchens present a common menu, which primarily includes hamburgers, fries, chili, hand dipped shakes and malts and related menu items. As noted in Item 1, however, the menu items offered from Restaurant to Restaurant and from Mobile Kitchen to Mobile Kitchen may vary depending on the size, type and location of the Restaurant or Mobile Kitchen. You must prepare and serve all items on the Johnny Rockets menu and only those items unless a variation from this requirement is first approved in writing by us. We may add, delete and change menu items that you may or must offer, and this may require you to purchase additional equipment. Although we may, on occasion, make recommendations concerning minimum or maximum prices, you alone set your prices. You must print new menus within six (6) months after JRL has redesigned the

menu for any reason, including, but not limited to, additions or deletions of menu items and reformatting of the menu.

You may only use our seasonings for the preparation of food items at your Restaurant or Mobile Kitchen, and these seasonings may not be sold separately to the public or otherwise dispensed at a location other than your Restaurant or Mobile Kitchen.

We may also require you to maintain an adequate inventory, make available for sale and properly display at your Restaurant or Mobile Kitchen a full line of souvenir and novelty items, such as sweat shirts, pins, watches, aprons, T-shirts, jackets, caps, glasses, records and similar items. However, you cannot sell these or any other souvenir and novelty items without our prior approval, and cannot sell such items on the Internet or by public Internet auction, such as "eBay."

We may, on occasion, require you to test market products and/or services at the Restaurant or Mobile Kitchen. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us. You may not test market any products and/or services at the Restaurant or Mobile Kitchen without our prior written consent.

Other than a five cent counter jukebox, no vending or other coin operated machines, including ATMs and other money dispensing machines are permitted in the Restaurant without our prior written consent. No vending or other coin-operated machines, including ATMs and other money dispensing machines, are permitted at the Mobile Kitchen. No smoking is permitted in any part of any Restaurant or Mobile Kitchen.

See Items 8 and 9 for more specific information covering what you may sell. We do not impose any restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

Area Development Agreement

This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the Area Development Agreement attached to this Disclosure Document.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Term of the franchise	Section 4	The Term of the Development Agreement varies depending on the number of restaurants you agree to develop.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 12	We may terminate upon default.
g. "Cause" defined – defaults which can be cured	Section 12.B	You have 5 days to cure monetary defaults. You have 30 days to cure defaults other than those discussed in h. Please refer to the State Addenda in Exhibit "I" for information on the law in your state.
h. "Cause" defined – defaults which cannot be cured	Sections 12.A and 12.D	Non curable defaults: termination or nonrenewal under the terms of any Restaurant Franchise Agreement; unauthorized transfers; attachment of a lien to your assets or property; material breach of covenants; material misrepresentation in acquiring your license; you make an assignment for the benefit of creditors; you file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or any Restaurant you operate; proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or any Restaurant you operate without your consent, and the appointment is not vacated within 60 days; felony conviction; failure to meet minimum development schedule; food and safety violations; default beyond cure periods of any other agreements with JRL or its affiliates; and default after receipt of two or more notices of default in a 12 month period. Unless an independent ground for termination exists under a Restaurant Franchise Agreement operated pursuant to the Area Development Agreement, the termination of your Area Development Agreement is not alone cause for termination of any such Restaurant Franchise Agreement.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
i. Your obligations on termination/nonrenewal	Section 12.D	Obligations include: payment of all sums owed to JRL and its affiliates; no further right to develop Restaurants in the Development Area; return Manuals; continued observance of covenants; no operation of business under any name or in any manner that suggests connection to JRL; and cease use of JRL materials.
j. Assignment of contract by us	Section 9.A	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 9.B	Includes any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise of any interest in you or the Area Development Agreement.
l. Our approval of transfer by you	Section 9.B	Transfers require our prior written consent, which will not be unreasonably withheld, and are subject to all transfer rules and conditions.
m. Conditions for our approval of transfer	Section 9.B	As provided in Section 15.B.(2) of the Restaurant Franchise Agreement, which conditions include: satisfaction of all monetary obligations to us and those that relate to the development of Restaurants by you; subordination of any right to receive compensation from the transferee to our right to receive compensation from the transferee; sign a general release; qualified transferee; you assign all Restaurant Franchise Agreements with us to transferee; transferee signs new agreements with us; transferee signs agreement assuming your obligations; transferee may be required to remodel and modernize restaurant; reasonable sales price; transferee completes Training Program; plus payment of a $5,000 Transfer Fee; you cannot transfer unless 50% of the total number of restaurants required to be opened under the Agreement are open and operating at the time of a proposed transfer; you cannot transfer to a management company not owned or controlled by you.
n. Our right of first refusal to acquire your business	Section 9.C	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Death or disability	Section 9.B	Same requirements as provided in Section 15.D of the Restaurant Franchise Agreement.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the license	Sections 10.A and 10.D	No direct or indirect involvement in the operation of any restaurant or food business other than one authorized by JRL. You may not, without our prior written consent, employ any current employees (or former employees for one year following the separation of this employment or affiliation) of JRL, its affiliates or any other JRL Franchisee, or induce, contract or solicit in any manner whatsoever any employee to leave this employment or affiliation.
r. Non-competition covenants after the license is terminated or expires	Section 10.B & 10.D	No activity as described in q. above for two years within your Development Area, within the county in which any Restaurant that you operate is located, or within 15 miles of any Restaurant, without our prior written consent.
s. Modification of the agreement	Section 15.C	All modifications must be by written agreement between the parties.
t. Integration/merger clause	Section 15.C	Only the terms of the Area Development Agreement are binding (subject to state law). Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document (subject to state law).
u. Dispute resolution by arbitration or mediation	Section 13.B	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed.
v. Choice of forum	Section 13.B	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed. (subject to applicable state law)
w. Choice of law	Section 15.I	Except to the extent governed by the U.S. Trademark Act of 1946, the law of the state in which the Development Area is located, or, if in more than one state, the state where the majority of the Development Area is located will govern the Development Agreement. (subject to applicable state law)

THE FRANCHISE RELATIONSHIP

RESTAURANT FRANCHISE AGREEMENT

This table lists certain important provisions of the Restaurant Franchise Agreement and related agreements. You should read these provisions in the Restaurant Franchise Agreement attached to this Disclosure Document.

PROVISION	SECTION IN RESTAURANT FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise agreement	Section 3.A	The Initial Term will be ten years commencing on the date you open the Restaurant for business.
b. Renewal or extension of the Term	Section 3.B and 3.C	If you are in good standing, you can renew for two additional periods of five years each.
c. Requirements for you to renew or extend the Term	Section 3.B, 3.C and 3.D	You must pay a renewal fee; have complied with your obligations during the Initial Term; have your lease approved; if required by us, complete a renewal Training Program; sign a general release; and sign our then-current form of restaurant franchise agreement. For each renewal period, we may require you to remodel or modernize your Restaurant to conform to our then-current requirements. You will have three months from the renewal date to complete the required remodeling or modernization. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 19.A	We may terminate upon default.
g. "Cause" defined – defaults which can be cured	Section 19.B	You have: 24 hours to cure a default which materially impairs the goodwill associated with our trademarks; 5 business days to cure non-payment of fees and failure to operate your Restaurant in full compliance with your Restaurant Franchise Agreement; 10 days to correct or repair defects or unsatisfactory conditions discovered by JRL personnel; and 15 days to cure defaults other than those discussed in "h."

h. "Cause" defined – defaults which cannot be cured	Sections 19.A and 19.B.(4)	Non curable defaults: failure to submit a Site Proposal Package with an acceptable Restaurant Site to Franchisor within 30 days after the Effective Date of the Restaurant Franchise Agreement; failure to sign an approved lease within 60 days after approval by JRL of a Restaurant Site; failure to submit complete working drawings, approved by JRL, to the appropriate governmental agency within 60 days after signing an approved lease; failure to obtain a building permit and start construction within 90 days submittal of approved working drawings; failure to complete construction and open for business to the public within 120 days after the Effective Date; failure to comply with the training requirements; material breach of covenants; attachment of a lien to your assets or property; you file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or any Restaurant you operate; proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or any Restaurant you operate without your consent, and the appointment is not vacated within 60 days; use of unapproved products similar to the Proprietary Products without our approval; unauthorized transfer; material misrepresentation relating to acquisition of the Restaurant; conviction of a felony, fraud, crime involving moral turpitude, or crime/offense we determine will have an adverse affect on the system; we determine that the continued operation of the Restaurant is a threat to public health or safety; default beyond cure period of any other agreement with JRL or its affiliates; breach of lease and failure to relocate Restaurant prior to effective date of termination of lease; understatement of more than 1.25% of Weekly Gross Sales in three or more reports in a 24 month period; abandonment of Restaurant; default after receipt of two or more notices of default in a 12 month period for the same or similar default; knowing concealment of revenues or false representations to us; refusal to allow us to inspect or conduct an audit of the Restaurant . Please refer to the State Addenda in Exhibit "J" for information on the law in your state.

PROVISION	SECTION IN RESTAURANT FRANCHISE AGREEMENT	SUMMARY
		the Restaurant; interference or attempt to interfere with our contractual relations or our relations with other franchisees, suppliers, governmental authority, customers, employers, advertising agencies or third parties; repeated failure to comply with the requirements of the Franchise Agreement; breach of the Franchise Agreement provisions related to advertising which are not cured within 3 days after written notice; or the purchase of any proprietary program, product or service from us or our affiliates and uses such programs, products or services for the benefit of any other individual, entity or business.
i. Your obligations on termination or non-renewal	Section 19.D	Obligations include: payment of all sums owed to JRL and its affiliates; cease operation of the Restaurant; cease use of the Trade Secrets and the Marks; de-identify the restaurant; return the Manuals and any forms and materials relating to the operation of the Restaurant; transfer to JRL all telephone numbers; continued observance of covenants.
j. Assignment of contract by us	Section 15.A	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 15.B.(1)	Includes any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise of any interest in you, the Restaurant Franchise Agreement, the Restaurant or the Restaurant Site.
l. Our approval of transfer by you	Section 15.B.(2)	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for our approval of transfer	Section 15.B	Conditions include: satisfaction of all monetary obligations to us and those that relate to the Restaurant; subordination of any right to receive compensation from the transferee to our right to receive compensation from the transferee; sign a general release; qualified transferee; transferee signs agreement assuming your obligations and agreeing to remodel the restaurant; transferee signs our then-current form of restaurant franchise agreement; transferee completes the Training Program; and payment of a $5,000 Transfer Fee. You cannot transfer to a management company not owned or controlled by you.

PROVISION	SECTION IN RESTAURANT FRANCHISE AGREEMENT	SUMMARY
n. Our right of first refusal to acquire your business	Section 15.C	We can match any offer for your business.
o. Our option to purchase your business	Section 19.G	Upon expiration or termination of the Restaurant Franchise Agreement, we can purchase all or any portion of your Restaurant's assets and any other materials, including, but not limited to, the land or building, where the Restaurant is located and improvements thereto (if owned by you), and any furniture, fixtures and equipment or supplies bearing our Marks. The purchase price for the portion of your inventory or supplies purchased directly from us will be at your cost. The purchase price for all remaining inventory, equipment, parts, fixtures and furnishings will be the fair market value of such items.
p. Death or disability	Section 15.D	Same requirements as for transfer in "m" above, except there is no transfer fee and we do not have right of first refusal for a transfer to a spouse or child.
q. Non-competition covenants during the term of the license	Sections 17.A-B & 17.E	No direct or indirect involvement in the operation of any restaurant or food business other than one authorized by JRL. You may not, without our prior written consent, employ any current employees (or former employees for one year following the separation of this employment or affiliation) of JRL, our affiliates or any other JRL Franchisee, or induce, contract or solicit in any manner whatsoever any employee to leave this employment or affiliation.
r. Non-competition covenants after the license is terminated or expires	Sections 17.C and 17.E	No activity as described in q. above for two years within the county in which the Restaurant is located, or within 15 miles of the Restaurant Site or any then-existing Restaurant without our prior written consent.
s. Modification of the agreement	Sections 17.D and 22.C	All modifications must be by written agreement between the parties, but JRL may modify the Manuals.
t. Integration/merger clause	Section 22.C	Only the terms of the Restaurant Franchise Agreement are binding (subject to state law). Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document (subject to state law).

PROVISION	SECTION IN RESTAURANT FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Section 20.B	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed.
v. Choice of forum	Section 22.J	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed. (subject to state law)
w. Choice of law	Section 22.I	Except to the extent governed by the U.S. Trademark Act of 1946, the law of the state in which the Restaurant is located will govern the Franchise Agreement. (subject to state law)

THE FRANCHISE RELATIONSHIP

MOBILE KITCHEN FRANCHISE AGREEMENT

This table lists certain important provisions of the Mobile Kitchen Franchise Agreement and related agreements. You should read these provisions in the Mobile Kitchen Franchise Agreement attached to this Disclosure Document.

PROVISION	SECTION IN MOBILE KITCHEN FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise agreement	Section 3.A	The Initial Term will be ten years commencing on the Effective Date of your Mobile Kitchen Franchise Agreement.
b. Renewal or extension of the Term	Sections 3.B-3.C	If you are in good standing, you can renew for two additional periods of five years each.

PROVISION	SECTION IN MOBILE KITCHEN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for you to renew or extend the Term	Section 3.D	You must pay a renewal fee; have complied with your obligations during the Initial Term; if required by us, complete a renewal Training Program; sign a general release; and sign our then-current form of mobile kitchen franchise agreement. For each renewal period, we may require you to remodel or modernize your Mobile Kitchen to conform to our then-current requirements. You will have three months from the renewal date to complete the required remodeling or modernization. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 18	We may terminate upon default.
g. "Cause" defined – defaults which can be cured	Section 18.B	You have: 24 hours to cure a default which materially impairs the goodwill associated with our trademarks; 5 business days to cure non-payment of fees and failure to operate your Mobile Kitchen in full compliance with your Mobile Kitchen Franchise Agreement; 10 days to correct or repair defects or unsatisfactory conditions discovered by JRL personnel; and 15 days to cure defaults other than those discussed in h.
h. "Cause" defined – defaults which cannot be cured	Section 18.A	Non curable defaults: failure to complete construction and open for business to the public within 180 days after the Effective Date; failure to comply with the training requirements; material breach of covenants; attachment of a lien to your assets or property; you file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or any Mobile Kitchen you operate; proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such

PROVISION	SECTION IN MOBILE KITCHEN FRANCHISE AGREEMENT	SUMMARY
		proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or any Mobile Kitchen you operate without your consent, and the appointment is not vacated within 60 days; use of unapproved products similar to the Proprietary Products without our approval; unauthorized transfer; material misrepresentation relating to acquisition of the Mobile Kitchen; conviction of a felony, fraud, crime involving moral turpitude, or crime/offense we determine will have an adverse affect on the system; default beyond cure period of any other agreement with JRL or its affiliates; understatement of more than 1.25% of Weekly Gross Sales in three or more reports in a 24 month period; abandonment of Mobile Kitchen; default after receipt of two or more notices of default in a 12 month period for the same or similar default; knowing concealment of revenues or false representations to us; refusal to allow us to inspect or conduct an audit of the Mobile Kitchen; interference or attempt to interfere with our contractual relations or our relations with other franchisees, suppliers, governmental authority, customers, employers, advertising agencies or third parties; repeated failure to comply with the requirements of the Mobile Kitchen Franchise Agreement; breach of the Mobile Kitchen Franchise Agreement provisions related to advertising which are not cured within 3 days after written notice; or the purchase of any proprietary program, product or service from us or our affiliates and uses such programs, products or services for the benefit of any other individual, entity or business. Please refer to the State Addenda in Exhibit "I" for information on the law in your state.
i. Your obligations on termination or non-renewal	Sections 18.D-18.E	Obligations include: payment of all sums owed to JRL and its affiliates; cease operation of the Mobile Kitchen; cease use of the Trade Secrets and the Marks; de-identify the mobile kitchen; return the Manuals and any forms and materials relating to the operation of the Mobile Kitchen; transfer to JRL all telephone numbers; continued observance of covenants.
j. Assignment of contract by us	Section 14.A	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 14.B	Includes any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other encumbrance, voluntarily or involuntarily, by operation of law or

PROVISION	SECTION IN MOBILE KITCHEN FRANCHISE AGREEMENT	SUMMARY
		otherwise of any interest in you,the Mobile Kitchen Franchise Agreement, or the Mobile Kitchen.
l. Our approval of transfer by you	Section 14.B	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for our approval of transfer	Section 14.B	Conditions include: satisfaction of all monetary obligations to us and those that relate to the Mobile Kitchen; subordination of any right to receive compensation from the transferee to our right to receive compensation from the transferee; sign a general release; qualified transferee; transferee signs assignment agreement assuming your obligations and agreeing to remodel the mobile kitchen; transferee signs our then-current form of mobile kitchen franchise agreement; transferee completes the Training Program; and payment of a $5,000 Transfer Fee. You cannot transfer to a management company not owned or controlled by you.
n. Our right of first refusal to acquire your business	Section 14.C	We can match any offer for your business.
o. Our option to purchase your business	Sections 18.F-18.G	Upon expiration or termination of the Mobile Kitchen Franchise Agreement, we can purchase all or any portion of your Mobile Kitchen's assets and any other materials, including, but not limited to the Mobile Kitchen and any furniture, fixtures and equipment or supplies bearing our Marks. The purchase price for the portion of your inventory or supplies purchased directly from us will be at your cost. The purchase price for all remaining inventory, equipment, parts, fixtures and furnishings will be the fair market value of such items.
p. Death or disability	Section 14.D	Same requirements as for transfer in "m" above, except there is no transfer fee and we do not have right of first refusal for a transfer to a spouse or child.
q. Non-competition covenants during the term of the license	Section 16.B	No direct or indirect involvement in the operation of any restaurant or food business other than one authorized by JRL. You may not, without our prior written consent, employ any current employees (or former employees for one year following the separation of this employment or affiliation) of JRL, our affiliates or any other JRL Franchisee, or induce, contract or solicit in any manner whatsoever any employee to leave this employment or affiliation.

PROVISION	SECTION IN MOBILE KITCHEN FRANCHISE AGREEMENT	SUMMARY
r. Non-competition covenants after the license is terminated or expires	Section 16.C	No activity as described in q. above for two years within the county in which the Franchised Mobile Kitchen is located, or within 25 miles of the Operation Area or any then-existing Johnny Rockets Mobile Kitchen without our prior written consent.
s. Modification of the agreement	Section 21.C	All modifications must be by written agreement between the parties, but JRL may modify the Manuals.
t. Integration/merger clause	Section 21.C	Only the terms of the Mobile Kitchen Franchise Agreement are binding (subject to federal law). Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document (subject to state law).
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed.
v. Choice of forum	Section 21.J	Except for certain claims, all disputes must be arbitrated in the county in which JRL's principal offices are located at the time the demand for arbitration is filed. (subject to state law)
w. Choice of law	Section 21.I	Except to the extent governed by the U.S. Trademark Act of 1946, the law of the state in which the Mobil Kitchen is located will govern the Mobil Kitchen Franchise Agreement. (subject to state law)

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Reporting Franchised Restaurants

Except as noted below, this Item 19 includes financial performance information for all of the franchised, domestic (U.S. and U.S. territories) Johnny Rockets Restaurants that were open and operating for the entire twelve (12) month period of January 4, 2016 through January 1, 2017 (the end of our last fiscal year) (collectively the "Reporting Franchised Restaurants"). Reporting Franchised Restaurants do not include, and this Item 19 does not include financial performance information for any Johnny Rockets Drive-Thru Restaurants, Johnny Rockets Mobile Kitchens, Johnny Rockets Sports Lounges or Johnny Rockets Express Restaurants. Specifically, of the 181 total franchised, domestic Johnny Rockets Restaurants operating at the end of our last fiscal year, there are 150 Reporting Franchised Restaurants. The 31 domestic franchised Johnny Rockets Restaurants not included in this Item 19 are not included because: (i) they were not operational for the entire twelve (12) month period and/or (ii) they were located at a professional sports stadium or a university. Specifically, this Item 19 does not contain any information for the 18 franchised domestic locations that were not open for full twelve (12) month period. Additionally, this Item 19 also does not include any information for (a) the 10 domestic franchised locations located at professional sports stadiums as these locations were open for operation approximately 100 days (for those restaurants located in professional baseball stadiums) and 20 days (for those locations located in professional football stadiums) during the twelve (12) month period, or (b) the 3 domestic franchised locations located at universities as these locations were open for operation approximately 8 months during the twelve (12) month period.

Average Unit Volume of Reporting Franchised Restaurants by Venue

The financial performance information contained in this Item 19 represents the average unit volume of the Reporting Franchised Restaurants for the twelve (12) month period from January 4, 2016 to January 1, 2017. As described further below, the average unit volume for the Reporting Franchised Restaurants is organized by venue type. We calculated the average unit volume numbers based on sales reports submitted to us by the Reporting Franchised Restaurants. We have not audited the reports for purposes of this Item 19. The financial information contained in this Item 19 does not include any financial performance information for: (i) domestic franchised restaurants that opened or closed during the twelve (12) month reporting period; (ii) any corporate or affiliate owned and operated restaurants; (iii) stadium locations; (iv) university locations; (v) Johnny Rockets Drive-Thru Restaurants; (vi) Johnny Rockets Mobile Kitchens; (vii) Johnny Rockets Sports Lounges (which we no longer offer franchises for); or, (viii) Johnny Rockets Express Restaurants. You should not consider the figures presented in this Item 19 in assessing the potential performance of any Johnny Rockets Drive-Thru Restaurant, Johnny Rockets Mobile Kitchen or Johnny Rockets Express Restaurant.

AVERAGE UNIT VOLUME[1] OF REPORTING FRANCHISED RESTAURANTS
BY VENUE

Venue	Number of Reporting Franchised Restaurants	Average Unit Volume ("AUV")	Number and Percentage of Reporting Franchised Restaurants that Attained or Exceeded AUV	High Unit Volume[2]	Median Unit Volume[2]	Low Unit Volume[2]
Airport[3]	5	$ 1,093,336	1 of 5 (20%)	2,832,921	618,663	417,279
Tourist[4]	7	$ 1,505,030	3 of 7 (42.86%)	3,233,192	1,548,488	178,941
Casino[5]	18	$ 2,216,299	8 of 18 (44.44%)	5,966,302	1,462,237	487,284
Theme Park[6]	26	$ 1,155,355	9 of 26 (34.62%)	4,123,142	927,804	205,264
Downtown[7]	3	$ 1,062,608	1 of 3 (33.33%)	1,902,075	751,164	534,585
Mall[8]	40	$ 1,009,876	15 of 40 (37.5%)	2,107,291	929,841	396,042
Lifestyle/Streetfront[9]	21	$ 1,072,755	10 of 21 (47.62%)	3,149,968	918,367	469,557
Military[10]	1	$ 627,855	1 of 1 (100%)	627,855	627,855	627,855
Grocery Anchored Center	4	$ 832,190	2 of 4 (50%)	1,123,259	804,790	595,922
Outlet	14	$ 1,201,722	5 of 14 (35.71%)	2,497,591	1,056,761	484,672
Power Center	3	$ 690,344	2 of 3 (66.67%)	926,199	710,428	434,405
Strip Center[11]	8	$ 596,788	4 of 8 (50%)	759,727	657,115	386,341
AUV for all Reporting Franchised Restaurants[12]	**150**	**$ 1,197,808**	60 of 150 (40%)			

Of the 150 Reporting Franchised Restaurants included in the table above 45.3% of these locations (68 Reporting Franchised Restaurants) had an AUV of over $1,000,000.

NOTES:

(1) As used in this Item 19, "Average Unit Volume" means the net sales derived in and from the operation of the Reporting Franchised Restaurants (by venue) from all sales of food, beverages (including beer and wine), goods, wares, merchandise and all services made in, upon or from the Reporting Franchised Restaurants, whether for cash, check, credit or otherwise collected from customers, divided by the number of Reporting Franchised Restaurants operating from that particular venue.

(2) The high, median and low unit volume reflects the actual high, media and low unit volumes for the Reporting Franchised Restaurants included in each venue. For purposes of this Item 19, "median" means the middle value, above and below which lay an equal number of Reporting Franchised Restaurants for each venue type. In other words half of the Reporting Franchised Restaurants for each venue exceeded this value and half did not.

(3) "Airport" includes all Reporting Franchised Restaurants located in a domestic airport.

(4) "Tourist" includes all Reporting Franchised Restaurants located at tourist destinations excluding theme parks.

(5) "Casino" includes all Reporting Franchised Restaurants located in or adjacent to casino or other gambling institution, including those Reporting Franchised Restaurants located inside a casino/hotel that also includes a casino.

(6) "Theme Park" includes all Reporting Franchised Restaurants located inside a theme park or amusement park. For purposes of this paragraph and the "Theme Park" entries in the table above, we include as "Reporting Franchised Restaurants" those Johnny Rockets Restaurants located inside a theme park or amusement park that, based on the seasonality of the theme park or amusement park, were not open for the entire twelve (12) month period between January 4, 2016, through January 1, 2017. These 26 Reporting Franchised Restaurants located inside a Theme Park were open for an average of 9 months out of the 2016 fiscal year.

(7) "Downtown" includes all Reporting Franchised Restaurants located in a downtown area of a major metropolitan city.

(8) "Mall" includes all Reporting Franchised Restaurants located inside an enclosed retail mall or shopping center.

(9) "Lifestyle Streetfront" includes those Reporting Franchised Restaurants located: (i) in an open air retail shopping area or center with streetfront visibility or (ii) in the suburb or outside a downtown metropolitan area.

(10) "Military" includes the Reporting Franchised Restaurants located on a military base.

(11) "Grocery Anchored Center" includes all Reporting Franchised Restaurants located in a shopping center anchored by a grocery store.

(12) "Outlet" includes all Reporting Franchised Restaurants located in a shopping center that primarily features outlet type retail stores.

(13) "Power Center" includes all Reporting Franchised Restaurants located in a shopping center that is anchored by more than one "big box" retail store other than a grocery store.

(14) "Strip Center" includes all Reporting Franchised Restaurants located in or attached to a strip center.

(15) The "AUV for all Reporting Franchised Restaurants" represents the total unit volumes for all of the 150 Reporting Franchised Restaurants (regardless of venue) included in the table above divided by 150.

ADDITIONAL NOTES:

(1) Importantly, the figures presented above are only for the reporting Johnny Rockets Restaurants. Therefore, the figures presented above have absolutely no relevance or relationship to the actual or projected performance of Johnny Rockets Drive-Thru Restaurants, Johnny Rocks Express Restaurants or Johnny Rockets Mobile Kitchens, all of which are significantly different from Johnny Rockets Restaurants in terms of size, service format, customer awareness, history of operation and other pertinent factors that affect performance. Accordingly, do not consider or rely in any way on the figures presented above in assessing the performance of Johnny Rockets Drive-Thru Restaurants, Johnny Rockets Express or Johnny Rockets Mobile Kitchens.

(2) The most important factors in the success of any restaurant, including the one to be operated by you, are your personal business acumen, marketing, management, judgment and other skills, and your willingness to work hard and follow the System. Actual results vary from business to business, area to area, and market to market. We cannot estimate or project the results for any particular Restaurant.

(3) There is no assurance that if you open a Johnny Rockets Restaurant that you will do as well as the Reporting Franchised Restaurants contained in this Item 19. Your financial results are likely to differ from the results shown. You must bear in mind that a newly opened business should not be expected to achieve sales volumes or maintain expenses similar to those of an established business. A new franchisee's individual financial results may differ from the results stated in this financial performance representation.

(4) Neither we nor any of our affiliates make any promises or representations of any kind that you will achieve any particular results or level of sales or profitability or even achieve break-even results in any particular year of operation.

(5) Gross sales do not represent actual or potential income of a franchised restaurant, and you should not rely on them in calculating prospective profitability. The profitability of individual restaurants depends on a number of factors that may vary due to individual characteristics of the franchised business. In addition, net profitability will be affected by required contributions for advertising and promotions as well as royalty fees paid to us.

(6) You are responsible for developing your own business plan for your Restaurant, including capital budgets, financial statements, projections, and other elements appropriate to your particular circumstances. The expenses identified in this statement are not the only expenses that you will incur in connection with the operation of your Restaurant. We encourage you to consult with your

own accounting, business, and legal advisors to assist you in identifying the expenses you likely will incur in connection with your Restaurant, to prepare your budgets, and to assess the likely or potential financial performance of your Restaurant. We also encourage you to contact existing Restaurant operators to discuss the business.

(7) In developing the business plan for your Restaurant, you are cautioned to make necessary allowance for changes in financial results to income, expenses, or both that may result from operations of your Restaurant during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

(8) Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

(9) Some Johnny Rockets Restaurants have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Johnny Rockets Drive-Thru, Johnny Rockets Mobile Kitchens Johnny Rockets Sports Lounge and Johnny Rockets Express Restaurants

The above Item 19 does not include any historic or projected financial performance information for Johnny Rockets Drive-Thru Restaurants, Johnny Rockets Mobile Kitchens or Johnny Rockets Express Restaurants. Therefore, the financial performance information above has absolutely no relation to, or bearing on, the potential performance of Johnny Rockets Drive-Thru Restaurants, Johnny Rockets Mobile Kitchens or Johnny Rockets Express Restaurants. If you are considering a franchise for a Johnny Rockets Drive-Thru Restaurant, a Johnny Rockets Mobile Kitchen or a Johnny Rockets Express Restaurant, place any significance in the financial performance information above.

Thus, with respect to Johnny Rockets Drive-Thru Restaurants, Johnny Rockets Mobile Kitchens or Johnny Rockets Express Restaurants, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting James Walker, The Johnny Rockets Group, Inc., 2 South Pointe Drive, Suite 200, Lake Forest, California 92630-2299, (949) 643-6100, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION[1,2]

JOHNNY ROCKETS RESTAURANTS

Table No. 1

Systemwide Outlet Summary
For Fiscal Years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2014	184	174	-10
	2015	174	172	-2
	2016	172	181	+9
Company-Owned	2014	30	28	-2
	2015	28	24	-4
	2016	24	25	+1
Total Outlets	2014	214	202	-12
	2015	202	196	-6
	2016	196	206	+10

1. These tables reflect outlet counts for our fiscal years ending December 28, 2014, January 3, 2016 (Fiscal Year 2015 was a 53 week fiscal year), and January 1, 2017.

2. These tables include Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants, Johnny Rockets Drive-Thru Restaurants and Johnny Rockets Sports Lounges.

Table No. 2

Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Fiscal Years 2014 to 2016

State	Year	Number of Transfers
California	2014	2
	2015	0
	2016	0

Texas	2014	2
	2015	0
	2016	0
Virginia	2014	0
	2015	0
	2016	2
All Other States	2014	0
	2015	0
	2016	0
Total	2014	4
	2015	0
	2016	2

Table No. 3

Status of Franchised Outlets
For Fiscal Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Arizona	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	2	6
	2016	6	1	0	0	0	0	7
Arkansas	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
California	2014	42	0	0	0	0	7	35
	2015	35	3	0	0	0	3	35
	2016	35	4	0	0	0	2	37
Colorado	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Connecticut	2014	5	0	0	0	0	0	5
	2015	5	1	0	0	0	1	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2016	5	0	0	0	0	0	5
District of Columbia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Florida	2014	18	2	0	0	0	3	17
	2015	17	2	0	0	0	3	16
	2016	16	1	0	0	0	2	15
Georgia	2014	5	1	0	0	0	0	6
	2015	6	1	0	0	0	1	6
	2016	6	0	0	0	0	0	6
Hawaii	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Illinois	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	1	2
Indiana	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
Kentucky	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Maine	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Maryland	2014	9	0	0	0	0	1	8
	2015	8	0	0	0	0	0	8
	2016	8	1	0	0	0	1	8
Massachusetts	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Michigan	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Minnesota	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Missouri	2014	3	0	0	0	0	1	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
Nevada	2014	11	2	0	0	0	1	12
	2015	12	0	0	0	0	2	10
	2016	10	3	0	0	0	0	13
New Jersey	2014	9	0	0	0	0	1	8
	2015	8	0	0	0	0	1	7
	2016	7	0	0	0	0	0	7
New Mexico	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
New York	2014	13	0	0	0	0	2	11
	2015	11	2	0	0	0	0	13
	2016	13	0	0	0	0	0	13
North Carolina	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	1	0	1
North	2014	0	0	0	0	0	0	0
~~Dakota~~	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Ohio	2014	3	0	1	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Oklahoma	2014	3	0	1	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Pennsylvania	2014	5	1	0	0	0	0	6
	2015	6	0	0	0	0	1	5
	2016	5	1	0	0	0	0	6
Rhode Island	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
South Carolina	2014	4	0	0	0	0	1	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Tennessee	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Texas	2014	6	1	0	0	0	0	7
	2015	7	1	0	0	0	0	8
	2016	8	4	0	0	0	0	12
Utah	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Virginia	2014	6	0	0	0	0	1	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	1	4
Washington	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Wisconsin	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
All Other States	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Total	2014	184	9	1	0	0	18	174
	2015	174	13	0	0	0	15	172
	2016	172	18	0	0	1	8	181

Table No. 4

Status of Company-Owned Outlets For Fiscal Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
California	2014	7	0	0	1	0	6
	2015	6	0	0	1	0	5
	2016	5	0	0	0	0	5
District of Columbia	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	1	0	1
Florida	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	1	0	1
Illinois	2014	3	0	0	2	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Indiana	2014	3	0	0	0	0	3
	2015	3	0	0	1	0	2
	2016	2	0	0	1	0	1
Maryland	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	1	0	0	0	2
Michigan	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Nevada	2014	1	1	0	0	0	2
	2015	2	0	0	1	0	1
	2016	1	0	0	0	0	1
New Jersey	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
New York	2014	3	0	0	0	0	3
	2015	3	1	0	0	1	3
	2016	3	2	0	1	0	4
North Carolina	2014	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2015	0	0	0	0	0	0
	2016	0	0	1	0	0	1
Ohio	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Virginia	2014	3	0	0	0	0	3
	2015	3	0	0	1	0	2
	2016	2	0	0	0	0	2
All Other States	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total	2014	30	1	0	3	0	28
	2015	28	1	0	4	1	24
	2016	24	4	1	4	0	25

Table No. 5

Projected Openings for Upcoming Fiscal Year

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	0	2	0
Florida	1	1	0
Georgia	0	1	0
Hawaii	1	0	0
New Jersey	1	0	0
New York	2	1	0
Rhode Island	0	0	0
Texas	1	1	0
All Other States	0	0	0
Total	7	7	0

JOHNNY ROCKETS MOBILE KITCHENS[1]

Table No. 1

Systemwide Outlet Summary
For Years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2014	1	1	0
	2015	1	1	0
	2016	1	1	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	1	1	0
	2015	1	1	0
	2016	1	1	0

1. These tables reflect outlet counts for our fiscal years ending December 28, 2014, January 3, 2016 (Fiscal Year 2015 was a 53 week fiscal year), and January 1, 2017.

Table No. 2

Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years 2014 to 2016

State	Year	Number of Transfers
All States	2014	0
	2015	0
	2016	0
Total	2014	0
	2015	0
	2016	0

Table No. 3

Status of Franchised Outlets For Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Virginia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
All Other States	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Total	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

Table No. 4

Status of Company-Owned Outlets For Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

Table No. 5

Projected Openings for Upcoming Fiscal Year

State	Mobile Kitchen Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Hawaii	0	1	0
All Other States	0	0	0
Total	0	1	0

Exhibit G lists the names of all of our area developers, Restaurant franchisees and Mobile Kitchen franchisees and the addresses and telephone numbers of their Restaurants and Mobile Kitchens as of January 1, 2017.

The following is a list of the name, city and state, and business telephone number (or, if not known, the last known home number) of each Johnny Rockets area developer who had their area development rights terminated or canceled or who otherwise voluntarily or involuntarily ceased to do business under an Area Development Agreement during the period of January 4, 2016 through January 1, 2017, or who has not communicated with JRL within ten weeks of the application date of this Disclosure Document:

Area Developers

Prada, LLC
9210 Jellico Avenue
Northridge, CA 91325
(760) 674-3120

HNH Girls Corporation
1975 Cenacle Lane
Carmichael, CA 95608
(916) 807-4074

Southeast Restaurant Development, LLC
1205 St. Charles Avenue
New Orleans, LA 70130
(504) 585-1535

J.R. Ten, Inc.
8888 S.W. 136th Street
Miami, FL 33156
(305) 253-8155

The following is a list of the name, city and state, and business telephone number (or, if not known, the last known home number) of each Johnny Rockets Mobile Kitchen franchisee who had a mobile kitchen franchise terminated or canceled or who otherwise voluntarily or involuntarily ceased to do business under a Mobile Kitchen Franchise Agreement during the period of January 4, 2016 through January 1, 2017, or who has not communicated with JRL within ten weeks of the application date of this Disclosure Document:

Mobile Kitchen Franchisees

None

Restaurant Franchisees

The following is a list of the name, city and state, and business telephone number of each Restaurant franchisee who had a restaurant terminated, cancelled or not renewed or who voluntarily or involuntarily ceased to do business under a Restaurant Franchise Agreement during the period of January 4, 2016 through January 1, 2017, or who has not communicated with JRL within ten weeks of the application date of this Disclosure Document:

J.R. Four, Inc.
Miami, FL 33176
(305) 253-8155
(2 Restaurants ceased to do business in Florida)

HMS Host USA, LLC
Bethesda, MD 20817
(240) 694-4736
(2 Restaurants ceased to do business, 1 in Illinois and 1 in Maryland)

Rockets & Rockets, Inc.
1100 S. Hayes Street, Suite M
Arlington, VA
(703) 415-3510

Prada Enterprises 2, Inc.
9210 Jellico Avenue
Northridge, CA 91325
(760) 674-3120

Howard Hughes J.R., Inc.
1550-C Rosecrans Avenue
Manhattan Beach, CA 90266
(310) 670-7555

Dedmon & Silk, LLC
7433 Timberwolf Trail
Fairview Heights, IL 62208
(1 Restaurant ceased to do business in Missouri)
(314) 863-5533

JRL did not terminate any franchisees that had signed a Restaurant Franchise Agreement or a Mobile Kitchen Franchise Agreement but were not yet operational as of January 1, 2017.

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

During the last three years, franchisees have signed confidentiality clauses. In some instances, during the last three fiscal years, current and former franchisees have signed provisions restricting their

ability to speak openly about their experience with us. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Except for the Johnny Rockets Franchisee Leadership Council ("JRFLC") as noted below, we have not created, sponsored or endorsed any trademark-specific franchisee associations, nor has any franchisee association asked to be included in this Disclosure Document.

Johnny Rockets Franchisee Leadership Council
2 South Pointe Drive, Suite 200
Lake Forest, California 92630-2299
(949) 643-6100
www.johnnyrockets.com

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H are the unaudited consolidated financial statements of our parent company, TJRG, for the period ~~ended~~ending July 2, 2017, as well as TJRG's audited consolidated financial statements for the periods ended January 1, 2017, January 3, 2016, and December 28, 2014. Although included as part of TJRG's consolidated financial statement, you have not been provided with financial statements of JRL. Therefore, you do not have knowledge of how JRL specifically has performed.

TJRG absolutely and unconditionally guarantees the performance of our obligations to franchisees under the Restaurant Franchise Agreement, Mobile Kitchen Franchise Agreement and Area Development Agreement. Exhibit H contains a copy of the Guarantee of Performance. The Guarantee of Performance is on file in some states where we have registered this Disclosure Document.

ITEM 22

CONTRACTS

The following agreements related to a Restaurant or Mobile Kitchen are attached as exhibits to this Disclosure Document:

Exhibit B-1	Restaurant Franchise Agreement
Exhibit B-2	Mobile Kitchen Franchise Agreement
Exhibit C	Area Development Agreement
Exhibit D	Gift Card Participation Agreement
Exhibit E	General Release
Exhibit F	Confidentiality Agreement

ITEM 23

RECEIPTS

The last two pages of this Disclosure Document, attached as Exhibit J, are detachable receipt pages. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

EXHIBIT A

LIST OF AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

CALIFORNIA
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
Telephone: 1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street
Room 203
Honolulu, HI 96813

ILLINOIS
Attorney General State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA
Agent for Service of Process
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

State Administrator
Securities Commissioner
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

MARYLAND
Agent to Receive Process
Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

State Authority
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN
Consumer Protection Division
Attn.: Franchise
670 Williams Building
Lansing, Michigan 48913

MINNESOTA
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East
Suite 280
St. Paul, Minnesota 55101

NEW YORK
Agent to Receive Process
Secretary of State
State of New York
99 Washington Avenue
Albany, New York 12231

State Administrator
New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard Avenue
State Capital Fifth Floor
Bismarck, North Dakota 58505
Telephone: (701) 328-4712

RHODE ISLAND
Rhode Island Department of Business Regulation
Securities Section
1511 Pontiac Avenue
John O. Pastore Center
Building 69-1
Cranston, RI 02920

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501

VIRGINIA
Agent to Receive Process
Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

State Administrator
State Corporation Commission
Division of Securities and Retail Franchise
1300 East Main Street, 9th Floor
Richmond, Virginia 23209

WASHINGTON
Director
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

Received
LA Mailroom
OCT 16 2017
Department of
Business Oversight

EXHIBIT B-1

RESTAURANT FRANCHISE AGREEMENT

Received
LA Mailroom
OCT 16 2017
Department of
Business Oversight

JOHNNY ROCKETS LICENSING, LLC

RESTAURANT FRANCHISE AGREEMENT

with

[FRANCHISEE'S NAME]

for

[Store #]
[Store Name]
[City, ST]

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2. GRANT OF LICENSE; ORGANIZATION OF FRANCHISEE 2
3. TERM OF LICENSE 5
4. INITIAL FRANCHISE FEE 8
5. LEASE OF RESTAURANT SITE 8
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Exhibit "B" Guaranty and Subordination Agreement
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Exhibit "D" Acknowledgment Addendum

JOHNNY ROCKETS LICENSING, LLC
RESTAURANT FRANCHISE AGREEMENT

THIS RESTAURANT FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, _____ ("Effective Date"), by and between **JOHNNY ROCKETS LICENSING, LLC**, a California limited liability company ("FRANCHISOR") and **[FRANCHISEE'S NAME]**, a _____ corporation/limited liability company ("FRANCHISEE").

RECITALS:

A. FRANCHISOR has acquired and developed systems for the establishment and operation of businesses operating under the Marks (as defined below) and in accordance with the System (as defined below) and featuring the sale of hamburgers made to order (fresh never frozen), chili, malts, fries and related products to the general public, and which may feature certain ancillary branded merchandise such as clothing, souvenirs and novelty items ("Johnny Rockets Traditional Restaurant(s)," "Johnny Rockets Express Restaurant(s)" and "Johnny Rockets Drive-Thru Restaurant(s)," collectively referred to herein as "JOHNNY ROCKETS Restaurants").

B. The Johnny Rockets System consists of general restaurant layouts and designs, equipment specifications, interior and exterior decorations, signage specifications, menus of standard appearance and design, recipes, formulas, specially designed paper goods and other items used in serving and dispensing food products, clothing, souvenirs and novelty items, advertising, trade practices, operating methods, various business forms, training materials, manuals, including the Johnny Rockets Confidential Development and Operations Manuals ("Manuals"), sales techniques, personnel management and management control systems as specified by FRANCHISOR from time to time for use in connection with the operation of JOHNNY ROCKETS Restaurants ("Johnny Rockets System" or "System").

C. FRANCHISOR has acquired and owns the trade name and service mark JOHNNY ROCKETS and certain designs, phrases, logos, trademarks, service marks, copyrights and other items now or hereafter owned, used or provided by FRANCHISOR and designated in writing by FRANCHISOR for the continued use by FRANCHISEE in connection with the operation of JOHNNY ROCKETS Restaurants under the Johnny Rockets System pursuant to the terms of this Agreement ("Marks").

D. FRANCHISEE desires to acquire a license to operate the type of JOHNNY ROCKETS Restaurant specified on Exhibit A (i.e., Johnny Rockets Traditional Restaurant, Johnny Rockets Express Restaurant or Johnny Rockets Drive-Thru Restaurant) and FRANCHISOR desires to grant FRANCHISEE a license on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the above facts and the terms and conditions set forth below, the parties agree as follows.

1. INCORPORATION OF RECITALS, WARRANTIES AND REPRESENTATIONS BY FRANCHISEE

The recitals set forth in Paragraphs A, B, C and D above are true and correct and are hereby incorporated by reference into this Agreement. FRANCHISEE hereby warrants, represents, covenants, and acknowledges to FRANCHISOR that:

A. FRANCHISEE has had no part in the creation or development of the System, the Marks, the Manuals or any other proprietary information provided by FRANCHISOR;

B. FRANCHISEE is entering into this Agreement after having made an independent investigation of FRANCHISOR's operations, and not upon any representation as to the sales, profits, or earnings which FRANCHISEE might realize;

C. FRANCHISOR has not made any representations or promises to FRANCHISEE which are not contained in this Agreement or the Franchise Disclosure Document FRANCHISEE received, and FRANCHISEE has not relied upon, nor has FRANCHISOR made, any warranties, expressed or implied, as to the potential success of the business contemplated herein; and

D. FRANCHISEE understands that the System and Manuals are continually evolving and that FRANCHISOR has the right to make changes therein from time to time as it may deem appropriate.

FRANCHISOR's obligations and FRANCHISEE's rights pursuant to this Agreement are expressly conditioned upon the truth of the warranties and representations set forth above at the time of execution of this Agreement, their continued truth throughout the initial term of this Agreement, and any renewals or extensions of this Agreement.

2. GRANT OF LICENSE; ORGANIZATION OF FRANCHISEE

A. Restaurant Type

Subject to the terms and conditions set forth herein, FRANCHISOR hereby grants to FRANCHISEE during the Term of this Agreement a license to open and operate the type of JOHNNY ROCKETS Restaurant (i.e., Johnny Rockets Traditional Restaurant, Johnny Rockets Express Restaurant or Johnny Rockets Drive-Thru Restaurant) designated on Exhibit "A" hereto ("Restaurant Type").

B. Restaurant Site

(1) Subject to the terms and conditions set forth herein, FRANCHISOR hereby grants to FRANCHISEE during the Term of this Agreement a license to use the Johnny Rockets System and the Marks, exclusively in connection with the operation of a JOHNNY ROCKETS Restaurant at the address or location set forth in Exhibit "A" hereto ("Restaurant Site"). FRANCHISEE will operate a JOHNNY ROCKETS Restaurant of the Restaurant Type at the Restaurant Site as designated on Exhibit "A."

If FRANCHISOR and FRANCHISEE have not agreed upon a suitable Restaurant Site at the time of execution of this Agreement, then the provisions of Section 2.B(2) shall apply. FRANCHISEE shall use the Johnny Rockets System and the Marks solely in connection with and exclusively for the promotion and conduct of the business of a JOHNNY ROCKETS Restaurant in accordance with the terms of this Agreement and with all instructions, rules and procedures which may be prescribed by FRANCHISOR from time to time with respect to this Agreement. The Marks shall be used solely in connection with the sale of and only to identify products and services designated by FRANCHISOR. Nothing contained herein shall be construed to authorize or permit the use by FRANCHISEE of the Johnny Rockets System and/or the Marks at any other location or for any other purpose or to restrict FRANCHISOR from operating a JOHNNY ROCKETS Restaurant or using the Johnny Rockets System and the Marks at any other location or for any other purpose or licensing others to do so. The date on which FRANCHISOR approves the Restaurant Site, whether approved before or after the signing of this Agreement, shall be deemed the "Site Approval Date."

In the event a Franchise Agreement for the Restaurant Site has not been signed on or before the Site Approval Date, FRANCHISOR shall, promptly after the Site Approval Date, prepare and send a Franchise Agreement to FRANCHISEE. FRANCHISEE must sign and return the Franchise Agreement to FRANCHISOR with payment of the applicable Initial Franchise Fee within ten (10) days after receipt of the Franchise

Agreement. In the event FRANCHISEE fails to sign and return the Franchise Agreement within the ten (10) day period, the Franchise Agreement may be withdrawn and deemed null and void by FRANCHISOR upon giving written notice to FRANCHISEE of such withdrawal prior to FRANCHISOR's receipt of the signed Franchise Agreement from FRANCHISEE.

(2) If the Restaurant Site has not been approved at the time of execution of this Agreement, the Restaurant Site shall be selected by FRANCHISEE from within a general area mutually agreed to in writing by FRANCHISOR and FRANCHISEE. Within thirty (30) days after the Effective Date of this Agreement, FRANCHISEE must submit to FRANCHISOR a completed site proposal package in the format prescribed by FRANCHISOR in its Manuals or otherwise, describing the restaurant site proposed by FRANCHISEE (the "Restaurant Site"), together with all required demographic and traffic information and such other information as FRANCHISOR shall designate (collectively "Site Proposal Package"). FRANCHISOR shall at its expense review the Restaurant Site and Site Proposal Package and shall approve or reject the Restaurant Site within thirty (30) days after receipt of the Site Proposal Package. If FRANCHISOR fails to reject the Restaurant Site within the thirty (30) day period, the Restaurant Site shall be deemed to be accepted by FRANCHISOR. At such time as FRANCHISOR and FRANCHISEE shall agree upon a suitable Restaurant Site, the parties shall define such site in an exhibit, which they shall initial, date and annex to this Agreement as Exhibit "A." FRANCHISEE specifically acknowledges that FRANCHISOR does not, by accepting the Restaurant Site, guarantee the success or profitability of the JOHNNY ROCKETS Restaurant to be operated at the Restaurant Site. Acceptance of the site simply means that FRANCHISEE's proposed site meets FRANCHISOR'S then-current site criteria.

(3) FRANCHISOR's approval of a Restaurant Site shall not be unreasonably withheld. Among the factors that FRANCHISOR may consider in determining whether to accept a Restaurant Site are the Restaurant Site's proximity to other FRANCHISOR owned or Franchised sites and FRANCHISOR's evaluation of the likelihood of success at such Restaurant Site. FRANCHISEE acknowledges that the selection of a Restaurant Site, although subject to FRANCHISOR's approval, is the responsibility of FRANCHISEE and in reviewing any Restaurant Site, FRANCHISOR makes no warranty or guarantee of any kind that the Restaurant Site will be economically successful for FRANCHISEE.

(4) In the event FRANCHISOR rejects the first Restaurant Site submitted by FRANCHISEE, a second Restaurant Site may be submitted for FRANCHISOR's review and approval, which review shall be completed at FRANCHISOR's expense. In the event FRANCHISOR rejects the second Restaurant Site submitted by FRANCHISEE, additional Restaurant Sites may be submitted for FRANCHISOR's review and approval. However, the cost and expense of such review, as estimated by FRANCHISOR, shall be paid by FRANCHISEE concurrent with the submittal of any such additional Restaurant Site.

(5) Within sixty (60) days after the Site Approval Date, FRANCHISEE must submit to FRANCHISOR a copy of an approved and fully executed lease for the approved Restaurant Site. At least fifteen (15) days prior to signing the Lease, FRANCHISEE must submit the proposed lease to FRANCHISOR for approval. The submitted lease shall be in an executable form that satisfies the requirements of Section 5 of this Agreement and must have the "Addendum to Lease," attached to this Agreement as Exhibit "C," attached to the Lease and made a part thereof. If FRANCHISOR fails to reject the lease within fifteen (15) days after receipt thereof, the lease shall be deemed approved.

(6) Within ninety (90) days after FRANCHISEE'S execution of a lease, FRANCHISEE shall submit a complete set of approved plans and specifications ("Working Drawings") to the appropriate governmental agency for the purpose of obtaining a building permit for the Restaurant Site. No less than (15) days prior to such submittal, FRANCHISEE must submit the Working Drawings to FRANCHISOR for review

and approval. If FRANCHISOR fails to reject the Working Drawings within fifteen (15) days after receipt thereof, the Working Drawings shall be deemed approved.

(7) Within one hundred twenty (120) days after FRANCHISEE's submittal of approved Working Drawings to the appropriate governmental agency, FRANCHISEE must obtain a permit and start construction of its JOHNNY ROCKETS Restaurant at the Restaurant Site.

(8) FRANCHISEE must commence operations and continuously remain open for business to the public at the Restaurant Site not later than one hundred twenty (120) days after starting construction for the Restaurant.

C. No Territorial Rights

This Agreement does not give FRANCHISEE any exclusive rights to use the Johnny Rockets System or the Marks in any geographic area.

FRANCHISOR expressly reserves the exclusive, unrestricted right directly and indirectly, through its employees, affiliates, representatives, franchisees, assigns, agents and others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to:

(1) Own, operate or license others to operate JOHNNY ROCKETS Restaurants at any location regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development at the Restaurant Site, or under consideration by FRANCHISEE;

(2) Own, operate or license others to operate restaurants and other businesses which operate under names other than JOHNNY ROCKETS at any location, regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development at the Restaurant Site, or under consideration by FRANCHISEE;

(3) Manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at JOHNNY ROCKETS Restaurants, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including, without limitation, by means of mail order catalogs, direct mail advertising, the Internet/worldwide web; any other form of electronic commerce; supermarkets, grocery stores and convenience stores; mail order; catalogs; or, any other channel or method of distribution whatsoever, regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development at the Restaurant Site, or under consideration by FRANCHISEE; and

(4) Produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the Marks or other marks regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development at the Restaurant Site, or under consideration by FRANCHISEE, and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems symbols, designs and other identifying characteristics as may be developed or used from time to time by FRANCHISOR.

Further, FRANCHISEE understands and agrees that FRANCHISOR and/or its affiliates have the right to offer and sell (directly, or through other franchisees or licensees) full-service and/or limited service JOHNNY ROCKETS System programs, products and services at any and all nontraditional locations at any location through the establishment of Restaurants, kiosks, mobile units, concessions or "shop in shops", and that, by contrast, FRANCHISEE is precluded in engaging in such activity. "Nontraditional locations" include sports arenas and venues; theatres; resorts; food retailers (including supermarkets, grocery stores and convenience

stores); malls and mall food courts; schools and universities; hospital and healthcare facilities; airports; guest lodging facilities; government facilities; the premises of any third party retailer which is not a restaurant (including shops, stores and department stores); military bases and installations; airlines, railroads and other modes of mass transportation; and, any other location or venue to which access to the general public is restricted. For the purposes of this Agreement, an "affiliate" of an individual or entity (such as FRANCHISEE or FRANCHISOR) is defined to mean any individual or business entity which directly or indirectly is controlled by, controls or is under common control with that person or entity.

D. Business Entity Documents

If FRANCHISEE is a Business Entity (as defined in Section 7.G.(1) below), or if this Agreement is assigned to a Business Entity, such entity shall conduct no business other than the business contemplated under this Agreement without FRANCHISOR's approval. **FRANCHISEE shall not use the name "JOHNNY ROCKETS" in the name of any such Business Entity or as part of any domain name or as part of an e-mail address, as it is a protected name.** All Owners of such Business Entity represent and warrant their percentage ownership interest in FRANCHISEE and that they are all the persons required to sign this Agreement pursuant to this Section. The articles of incorporation, articles of organization, articles of partnership, partnership agreement, articles of association, memorandum of association, and other organizational documents of such Business Entity shall be provided to FRANCHISOR promptly upon request and shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement. All issued and outstanding stock or share certificates, if any of such Business Entity shall bear a legend referring to the restrictions in this Agreement. FRANCHISEE shall not conduct any public offering of its securities unless FRANCHISOR consents in writing to such offering.

E. Guaranty of Franchise Agreement

If FRANCHISEE is a Business Entity, all of FRANCHISEE's Owners, regardless of each Owner's percentage of ownership, shall execute the Guaranty and Subordination Agreement attached to this Agreement as Exhibit "B" and thereby guaranty the full, faithful and timely performance by FRANCHISEE of all of the payments, covenants and other obligations of FRANCHISEE under this Agreement. The guarantors under such Guaranty have waived all requirements of notice, demand and presentment, as well as the right to require FRANCHISOR to first pursue any other remedy in FRANCHISOR's power and other similar procedural and substantive rights. The Guaranty is an absolute and unconditional obligation and survives the termination of this Agreement, including upon FRANCHISEE's bankruptcy or insolvency.

3. TERM OF LICENSE

The term of this Agreement (the "Term") is as indicated by the parties' initials in the table below:

Term:	Initials:
Initial Term (10 years) pursuant to Section 3.A, below	Franchisee: _____ JRL: ____
First Renewal Term (5 years) pursuant to Section 3.B	Franchisee: _____ JRL: ____
Final Renewal Term (5 years) pursuant to Section 3.C	Franchisee: _____ JRL: ____

A. Initial Term

(1) If the box for "Initial Term" is initialed in the table above, then the Term of this Agreement (the "Initial Term") begins on the Effective Date of this Agreement and continues until 11:59 p.m. on the day preceding the tenth (10th) anniversary of the date FRANCHISEE opens the Restaurant for business to the public (the "Opening Date"), unless this Agreement is sooner terminated by FRANCHISOR as provided

for in this Agreement. The Opening Date will be determined by FRANCHISOR and designated on Exhibit A. FRANCHISEE must open its Restaurant within the time period set forth in Section 6 below in this Agreement, and thereafter must continuously operate its Restaurant for the entire Initial Term. Promptly after opening, FRANCHISEE shall provide FRANCHISOR with the expiration date of the lease for the Restaurant Site.

(2) In the event FRANCHISEE desires to renew this Agreement upon expiration of the Initial Term, FRANCHISEE shall submit a request to FRANCHISOR for any such renewal at least twelve (12) months but no more than eighteen (18) months before the expiration of the Initial Term. FRANCHISOR shall grant any such renewal provided FRANCHISEE satisfies all of the Conditions to Renewal provided in Section 3.D below. In the event FRANCHISEE is granted a renewal of this Agreement, FRANCHISEE must enter into a new franchise agreement ("First Renewal Franchise Agreement") for a period of five (5) years, unless sooner terminated by FRANCHISOR as provided in this Agreement. The First Renewal Franchise Agreement shall be in the then-current form of FRANCHISOR's franchise agreement being offered to new Franchisees at the time of the exercise of this option to renew, except (a) the Term of the renewal period shall be five (5) years, and (b) the Weekly Royalty Fee and Weekly Marketing Fee will be the same as provided in this Agreement for the Initial Term. If at the time of FRANCHISEE's request FRANCHISOR is not granting franchises, then the First Renewal Franchise Agreement will be in a form selected by FRANCHISOR which previously shall have been delivered to and executed by a franchisee or licensee of FRANCHISOR.

B. First Renewal Term

(1) If the box for "First Renewal Term" is initialed in the table above, then the Term of this Agreement ("First Renewal Term") begins on the date of expiration of the Initial Term of the Franchise Agreement previously in effect for the Restaurant Site and continues until 11:59 p.m. on the day preceding the fifth (5th) anniversary of that date.

(2) In the event FRANCHISEE desires to renew this Agreement upon the expiration of the First Renewal Term, FRANCHISEE must submit a request to FRANCHISOR for any such renewal at least twelve (12) months but no more than eighteen (18) months before the expiration of the First Renewal Term. FRANCHISOR will grant any such renewal provided FRANCHISEE satisfies all of the Conditions to Renewal provided in Section 3.D below. In the event FRANCHISEE is granted a renewal of this Agreement, FRANCHISEE will enter into a new franchise agreement "Final Renewal Franchise Agreement") for a period of five (5) years, unless sooner terminated by FRANCHISOR as provided in this Agreement. The Final Renewal Franchise Agreement shall be in the then-current form of FRANCHISOR's franchise agreement being offered to new Franchisees at the time of the exercise of this option to renew, except (a) the Term of the renewal period shall be five (5) years, and (b) the Weekly Royalty Fee and Weekly Marketing Fee will be the same as provided in this Agreement for the Initial Term. If at the time of FRANCHISEE's request FRANCHISOR is not granting franchises, then the Final Renewal Franchise Agreement will be in a form selected by FRANCHISOR which previously shall have been delivered to and executed by a franchisee or licensee of FRANCHISOR.

C. Final Renewal Term

If the box for "Final Renewal Term" is initialed in the table above, then the Term of this Agreement ("Final Renewal Term") begins on the date of expiration of the First Renewal Term and continues until 11:59 p.m. on the day preceding the fifth (5th) anniversary of that date. Upon expiration of the Final Renewal Term, FRANCHISEE shall have no further options to renew.

D. Conditions to Renewal

No less than twelve (12) or more than eighteen (18) months before the scheduled expiration date of the Initial Term or the First Renewal Term (as then in effect), FRANCHISEE must deliver to FRANCHISOR a

request to renew this Agreement. Promptly upon receipt of such request FRANCHISOR will deliver to FRANCHISEE a copy of FRANCHISOR's then-current form of Franchise Disclosure Document ("FDD"), provided FRANCHISOR is required by applicable law to deliver a FDD to FRANCHISEE. Upon FRANCHISOR's receipt from FRANCHISEE of the signed "Receipt" ("FDD Receipt") attached to the FDD, FRANCHISOR will review the renewal conditions set forth below to ensure all conditions are satisfied, and then FRANCHISOR will deliver two (2) execution counterparts of the applicable Renewal Franchise Agreement to FRANCHISEE. The right of FRANCHISEE to renew this Agreement for either the First Renewal Term or the Final Renewal Term shall be subject to satisfaction of each of the following conditions at the time FRANCHISEE signs the Renewal Franchise Agreement and at the end of the then-current Term:

(1) No more than seven (7) days after receipt of the FDD, FRANCHISEE shall sign the FDD Receipt(s) delivered by FRANCHISOR with the FDD, and return the FDD Receipt to FRANCHISOR.

(2) After receipt of the two (2) original execution counterparts of the applicable Renewal Franchise Agreement from FRANCHISOR and no more than seven (7) days after the permitted "Signing Date," as provided by FRANCHISOR with the Renewal Franchise Agreement, FRANCHISEE must sign and return to FRANCHISOR both original counterparts of the applicable Renewal Franchise Agreement, accompanied by payment of the applicable Renewal Franchise Fee equal to the lesser of: (a) the Initial Franchise Fee provided in Section 4 of this Agreement; or (b) twenty-five percent (25%) of the Initial Franchise Fee then charged by FRANCHISOR to new franchisees for a single Restaurant.

(3) FRANCHISEE, its parent or any of its affiliates, shall not be in default under any provision of this Agreement or any other agreement between FRANCHISOR, its parent or affiliates and FRANCHISEE.

(4) As determined by FRANCHISOR, FRANCHISEE must have operated the JOHNNY ROCKETS Restaurant and any other of its licensed JOHNNY ROCKETS Restaurants in accordance with the applicable Franchise Agreements and with the Johnny Rockets System (as set forth in the Manuals or otherwise and as revised from time to time by FRANCHISOR).

(5) FRANCHISEE or its Owners (as defined in Section 7.G), officers, directors or any of its employees may be required to complete to FRANCHISOR's satisfaction any training program offered for the renewal of a license.

(6) FRANCHISEE and its Owners and all guarantors of FRANCHISEE's obligations shall have executed a general release and a covenant not to sue, in a form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR, and its parent and affiliates, and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances that exist at the time of the renewal.

(7) FRANCHISEE must modernize, renovate and/or remodel its JOHNNY ROCKETS Restaurant to conform to the then-current format and style of JOHNNY ROCKETS Restaurants as specified to FRANCHISEE by FRANCHISOR in writing, which may include the layout and design of the building, the exterior and interior decoration, furniture and fixtures, the equipment and the signs. FRANCHISEE shall have a period of six (6) months from the commencement date of the applicable Renewal Term to complete such work to FRANCHISOR's reasonable satisfaction. In the event such work is not completed within the six (6) month period, this Agreement shall automatically terminate.

4. INITIAL FRANCHISE FEE

If the Franchise Type designated on Exhibit "A" is a Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant, FRANCHISEE shall pay FRANCHISOR an Initial Franchise Fee of Forty-Nine Thousand Dollars ($49,000) concurrently with the execution of this Agreement. If the Franchise Type designated on Exhibit "A" is a Johnny Rockets Drive-Thru Restaurant, FRANCHISEE shall pay FRANCHISOR an Initial Franchise Fee of Twenty-Five Thousand Dollars ($25,000) concurrently with the execution of this Agreement. If FRANCHISEE is party to an Area Development Agreement with FRANCHISOR, then FRANCHISEE will receive a credit against the Initial Franchise Fee in accordance with that Area Development Agreement.

FRANCHISEE hereby acknowledges and agrees that the grant of this franchise and the undertakings and agreements of FRANCHISOR contained in this Agreement constitute the sole and only consideration for the payment of the Initial Franchise Fee and that the Initial Franchise Fee shall be deemed fully earned by FRANCHISOR upon execution of the Franchise Agreement and no portion thereof shall be refundable to FRANCHISEE.

5. LEASE OF RESTAURANT SITE

A. Lease Terms

No more than 60 days after the Site Approval Date, FRANCHISEE shall negotiate and execute a lease for the Restaurant Site with the landlord of the Restaurant Site on terms satisfactory to FRANCHISOR. FRANCHISEE shall submit the proposed lease to FRANCHISOR at least 15 days prior to execution thereof for review and acceptance by FRANCHISOR. FRANCHISEE shall not execute the lease for the Restaurant Site until it has been reviewed and accepted by FRANCHISOR. FRANCHISEE shall deliver a fully executed copy of the lease to FRANCHISOR within fifteen (15) days after the date of the execution of the lease, which shall be, in all material respects, identical to the form approved by FRANCHISOR. FRANCHISOR's acceptance of such lease shall not be a representation or warranty by FRANCHISOR of any matter with respect to said lease, including, the adequacy of the protection of FRANCHISEE and economic fairness. FRANCHISEE shall consult its own attorneys and other advisors to determine the adequacy of such lease as it relates to FRANCHISEE. As a condition of its approval of the lease but not by way of limitation, FRANCHISOR requires that the Addendum to Lease, attached hereto as Exhibit "C," be attached to the lease and made a part thereof, and the lease contain language satisfactory to FRANCHISOR providing for the following:

(1) The term of the lease shall be for a period of at least ten (10) years, with two (2) options to renew the lease for periods of five (5) years each, unless FRANCHISOR shall approve, in writing, a shorter term.

(2) The lease shall obligate the landlord to notify FRANCHISOR in writing at least thirty (30) days prior to its termination or non-renewal of the lease. FRANCHISOR shall have the option, without cost or expense to FRANCHISOR, to assume the lease in the event of termination or expiration of this Agreement for any reason. In the case of a default by FRANCHISEE under the lease, FRANCHISOR shall have the right, but not the obligation, to cure the breach and to succeed to FRANCHISEE's rights under the lease by giving written notice of its election to FRANCHISEE and the landlord. FRANCHISEE hereby appoints FRANCHISOR as its attorney-in-fact to execute an assignment and all other documents and instruments which FRANCHISOR deems necessary or appropriate to effectuate the foregoing.

(3) The lease may not be assigned, subleased, modified or amended without FRANCHISOR's prior written consent. FRANCHISOR shall be provided with copies of all such assignments, subleases, modifications and amendments. The landlord shall consent in advance to any assignment or sublease

to FRANCHISOR or a franchisee or licensee of FRANCHISOR (or its affiliates), approved by FRANCHISOR during the initial term or any renewal term of the lease.

(4) The lease shall neither create nor purport to create any obligations on behalf of FRANCHISOR, nor grant or purport to grant to the landlord any rights against FRANCHISOR, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement.

(5) Upon expiration or termination of the lease for any reason, FRANCHISEE shall, upon FRANCHISOR's demand, remove all of the Marks from the Restaurant Site and modify the décor of the Restaurant Site so that it no longer resembles, in whole or in part, a JOHNNY ROCKETS Restaurant. If FRANCHISEE shall fail do so, the landlord shall give FRANCHISOR written notice of such failure and the right to enter the Restaurant Site to make such alterations, in which event FRANCHISEE shall reimburse FRANCHISOR for all direct and indirect costs and expenses it may incur in connection therewith, including attorneys' fees.

(6) FRANCHISEE shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon him under the lease.

(7) The JOHNNY ROCKETS Restaurant at the Restaurant Site shall be constructed and improved pursuant to the provisions of this Agreement.

(8) The lease may not contain a non-competition covenant which purports to restrict FRANCHISOR, or any franchisee or licensee of FRANCHISOR (or its affiliates), from owing or operating a JOHNNY ROCKETS Restaurant or any other retail establishment, unless such covenant is approved by the FRANCHISOR in writing prior to the execution of the Lease.

(9) The lease may not contain any restrictions to the items on a typical JOHNNY ROCKETS menu, and must permit the addition of new items as they are developed by FRANCHISOR.

(10) The lease shall contain such other terms as FRANCHISOR deems necessary for the benefit of FRANCHISOR and the Johnny Rockets System.

(11) In the event your lease expires or is terminated before the expiration date of this Agreement, this Agreement shall remain in full force and effect unless terminated by FRANCHISOR as permitted in this Agreement.

6. CONSTRUCTION AND LEASEHOLD IMPROVEMENTS, FIXTURES AND EQUIPMENT

A. Obligation of FRANCHISEE

Within no more than three hundred ninety (390) days after the Site Approval Date, FRANCHISEE shall, at its sole expense, construct, remodel, fixturize, furnish and equip, and open for business to the public its JOHNNY ROCKETS Restaurant, all in accordance with FRANCHISOR's current requirements and specifications as provided for below in this Section 6 and as specified to FRANCHISEE by FRANCHISOR in writing from time to time.

B. Layout and Specifications

(1) Within ten (10) days after the Site Approval Date, you must request, and we will provide to you, a restaurant design package that will include a sample layout for the interior of a typical JOHNNY ROCKETS Restaurant and a set of typical preliminary plans and equipment and décor specifications.

(2) FRANCHISEE shall, at its sole expense employ only architects, designers, engineers or others approved by FRANCHISOR as may be necessary to complete, adapt, modify or substitute the sample plans and specifications for the JOHNNY ROCKETS Restaurant. FRANCHISEE must use architects, designers, engineers or others that are approved by FRANCHISOR for the first JOHNNY ROCKETS Restaurant developed by FRANCHISEE. For any additional restaurants developed by FRANCHISEE, FRANCHISOR reserves the right to require FRANCHISEE to employ only architects, designers, engineers or others that are approved by FRANCHISOR.

(3) Within ninety (90) days after signing its lease, FRANCHISEE shall submit a complete set of final plans and specifications ("Working Drawings") to the appropriate governmental agency for the purpose of obtaining permits to commence construction of the JOHNNY ROCKETS Restaurant. No less than fifteen (15) days prior to such submittal, FRANCHISEE shall submit the Working Drawings to FRANCHISOR for review and approval. FRANCHISOR shall review the Working Drawings promptly and approve or reject, with comments, the Working Drawings within fifteen (15) days after receipt thereof. If FRANCHISOR fails to reject the Working Drawings within such fifteen (15) day period, the Working Drawings shall be deemed approved. FRANCHISEE shall not commence construction of the JOHNNY ROCKETS Restaurant until FRANCHISOR accepts in writing the final Working Drawings to be used in constructing the JOHNNY ROCKETS Restaurant, which approval shall not be unreasonably withheld.

(4) FRANCHISEE must obtain FRANCHISOR's written acceptance of any and all changes in the JOHNNY ROCKETS Restaurant Working Drawings approved by FRANCHISOR by submittal of the Variance Request Form ("VRF") prescribed by FRANCHISOR prior to and during the construction of the JOHNNY ROCKETS Restaurant or the implementation of such changes, which acceptance shall not be unreasonably withheld. If such changes are not submitted by FRANCHISEE using of the VRF, such changes will be deemed rejected. If such changes are submitted by using the VRF and are not expressly rejected by FRANCHISOR within fifteen (15) days after receipt thereof, they shall be deemed to be accepted.

(5) FRANCHISEE must obtain a building permit and start construction within one hundred twenty (120) days after submittal of the Working Drawings (approved by FRANCHISOR) to the appropriate governmental agency. Within five (5) days after FRANCHISEE'S receipt of the necessary permits, FRANCHISEE must deliver a copy of any such permits to FRANCHISOR and shall begin and thereafter diligently pursue construction of the JOHNNY ROCKETS Restaurant pursuant to the Working Drawings approved by FRANCHISOR. The foregoing notwithstanding, in no event shall the start of construction begin more than two hundred seventy (270) days after the Site Approval Date. FRANCHISOR shall consult with FRANCHISEE after receipt of a request from FRANCHISEE, to the extent FRANCHISOR deems necessary or desirable, on the construction and equipping of the JOHNNY ROCKETS Restaurant, however, it shall be and remain the sole responsibility of FRANCHISEE to diligently design, construct, equip and otherwise ready and open the JOHNNY ROCKETS Restaurant.

C. Construction and Inspection

(1) FRANCHISEE shall hire a licensed general contractor to perform construction work at the JOHNNY ROCKETS Restaurant. FRANCHISEE must hire a licensed general contractor that is approved by FRANCHISOR for the first JOHNNY ROCKETS Restaurant developed by FRANCHISEE. For any additional restaurants developed by FRANCHISEE, FRANCHISOR reserves the right to require FRANCHISEE to hire only a licensed general contractor that is approved by FRANCHISOR.

(2) FRANCHISOR shall not be responsible for delays in the construction, equipping or decoration of the JOHNNY ROCKETS Restaurant or for any loss or damage to FRANCHISEE or any third party resulting from the design or construction of such JOHNNY ROCKETS Restaurant and shall be indemnified by FRANCHISEE as provided for in Section 11 of this Agreement.

(3) FRANCHISOR shall have access to the Restaurant Site while work is in progress and may require such alterations or modification of the construction of the JOHNNY ROCKETS Restaurant, as it deems necessary.

(4) FRANCHISEE's failure to commence the construction and equipping of its JOHNNY ROCKETS Restaurant within two hundred seventy (270) days after the Site Approval Date shall be grounds for the termination of this Agreement.

(5) FRANCHISOR shall, prior to opening, conduct a final inspection of the completed JOHNNY ROCKETS Restaurant and may require such corrections and modifications, as it deems necessary to bring the JOHNNY ROCKETS Restaurant into compliance with the approved Working Drawings. Failure to promptly correct any unauthorized variance from the approved Working Drawings will result in the termination of this Agreement.

(6) No later than thirty (30) days after opening of the Restaurant, FRANCHISEE shall provide FRANCHISOR with detailed information of all costs and expenses incurred by FRANCHISEE for the development, construction, and equipping of the Restaurant. Such information shall be submitted to FRANCHISOR on a form provided by FRANCHISOR.

D. Opening

Nothing in this Agreement to the contrary withstanding, FRANCHISEE must open its Restaurant for business to the public not later than three hundred ninety (390) days after the Site Approval Date. FRANCHISEE shall not commence operations at the JOHNNY ROCKETS Restaurant if the restaurant does not conform, in any material respect, to the plans and specifications approved by FRANCHISOR, including any changes to such plans and specifications accepted by FRANCHISOR. FRANCHISEE shall not open the JOHNNY ROCKETS Restaurant to the public until FRANCHISOR acknowledges in writing that the JOHNNY ROCKETS Restaurant and FRANCHISEE are prepared for such opening. FRANCHISEE'S failure to meet any of these obligations will result in the termination of this Agreement.

E. Remodeling

FRANCHISEE shall modernize, renovate and/or remodel the JOHNNY ROCKETS Restaurant within twelve (12) months after the fifth (5th) anniversary of the Effective Date. When FRANCHISEE alters, modernizes, renovates or remodels the JOHNNY ROCKETS Restaurant or installs, substitutes or alters decorations, fixtures, furniture or equipment, or signs, all such work shall be subject to the prior written approval of FRANCHISOR and, when completed, shall conform to plans and specifications approved by FRANCHISOR. Although it is not obligated to do so, FRANCHISOR may inspect such work at any time to determine whether the work is being done in accordance with the plans and specifications previously approved by FRANCHISOR.

F. Relocation

In the event that FRANCHISOR permits FRANCHISEE to change the location of its JOHNNY ROCKETS Restaurant at any time during the term of this Agreement or any extensions or renewals thereof, FRANCHISEE shall conform such Restaurant Site to the then-current layout and specifications for the JOHNNY ROCKETS Restaurant as may be specified in writing by FRANCHISOR and shall be solely responsible for all costs and expenses incurred in connection therewith. Should FRANCHISEE require additional layout plans for the construction of its relocated JOHNNY ROCKETS Restaurant, subject to other provisions of this Agreement, FRANCHISEE shall pay FRANCHISOR for the costs and expenses incurred by FRANCHISOR in providing such suggested layout plans for the new Restaurant Site.

G. Fixtures, Furniture and Equipment

The typical furniture, fixtures and equipment specifications given to FRANCHISEE by FRANCHISOR do not limit the obligation of FRANCHISEE to provide all required furniture, fixtures and equipment for the JOHNNY ROCKETS Restaurant at FRANCHISEE's sole expense. If FRANCHISOR specifies certain manufacturers or suppliers, FRANCHISEE must purchase the specified furniture, fixtures and equipment from such manufacturers and suppliers. If no manufacturer or supplier is specified, FRANCHISEE shall have the right to purchase the required furniture, fixtures and equipment from any source provided that the items to be purchased are in strict accordance with the specifications and warranties of FRANCHISOR as described in Section 8.C of this Agreement. FRANCHISEE is prohibited from installing any used furniture, fixtures or equipment in its JOHNNY ROCKETS Restaurant. FRANCHISEE shall notify FRANCHISOR and FRANCHISOR shall have the right, but not the obligation, to inspect and accept or reject such furniture, fixtures or equipment prior to the installation of such items.

H. Signs

FRANCHISEE shall purchase, install, display and maintain in proper operating condition, at its sole expense, all exterior and interior signs to be used in connection with the JOHNNY ROCKETS Restaurant, which signs must be purchased from an approved manufacturer or supplier and conform to FRANCHISOR's sign criteria as to type, color, size, design and location as may be specified in writing by FRANCHISOR from time to time. FRANCHISEE must submit, as part of the trade dress submittal package, complete detailed shop drawings of all signs to FRANCHISOR for approval. All signs must be approved in writing by FRANCHISOR prior to installation or display.

7. METHODS AND STANDARDS OF OPERATION

In order to maintain uniform standards of operation for all JOHNNY ROCKETS Restaurants and to protect the goodwill of FRANCHISOR, the Johnny Rockets System and the Marks, FRANCHISEE shall follow the methods and standards of operation established by FRANCHISOR and set forth below:

A. Standards Established by FRANCHISOR

FRANCHISOR retains the right to prescribe, in the Manuals and in any other written communication, the standards of quality, service, production, merchandising and advertising for the JOHNNY ROCKETS Restaurant at all times during the term of this Agreement and any extension or renewal thereof. FRANCHISEE agrees to comply with all of the mandatory specifications, standards and operating procedures which comprise the Johnny Rockets System as set forth in the Manuals and as communicated by FRANCHISOR from time to time to FRANCHISEE in writing for the operation of the JOHNNY ROCKETS Restaurant and not to deviate from the same without the prior written consent of FRANCHISOR. Any waiver granted from the requirements of this Section 7.A. (which must be in writing) shall continue until FRANCHISOR provides FRANCHISEE with written notice that the waiver is no longer available.

In the exercise of FRANCHISOR's sole business judgment, FRANCHISOR may from time to time modify any components of the System and requirements applicable to FRANCHISEE by means of Supplements to the Manuals (as defined in Section D2 below) or otherwise, including, but not limited to, altering the programs, products, services, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the programs, products and services which FRANCHISEE's JOHNNY ROCKETS Restaurant is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other characteristics that FRANCHISEE is required to adhere to (subject to the limitations set forth in this Agreement); and, changing, improving, modifying or substituting for the Marks. FRANCHISEE agrees to implement any such System modifications as if they were part of the System at the

time FRANCHISEE signed this Agreement. FRANCHISEE acknowledges that because uniformity under many varying conditions may not be possible or practical, FRANCHISOR reserves the right to materially vary its standards or franchise agreement terms for any franchised JOHNNY ROCKETS Restaurant, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which FRANCHISOR considers important to the successful operation of the franchised JOHNNY ROCKETS Restaurant. FRANCHISEE will have no right to require FRANCHISOR to disclose any variation or to grant the same or a similar variation to FRANCHISEE.

B. Supplies, Products and Menu Items

(1) Unless elsewhere provided for in this Section 7, including Single Sourced Products and Proprietary Products as defined below, FRANCHISEE must purchase supplies, equipment, materials, services, forms, food products, clothing, souvenirs and novelty items required under this Agreement from suppliers FRANCHISOR designates; in accordance with FRANCHISOR's written specifications; and/or, to the extent FRANCHISOR has not designated a supplier for particular items, from suppliers FRANCHISEE proposes and FRANCHISOR approves in writing, provided the proposed suppliers meet the standards established from time to time by FRANCHISOR and provided that the items and food products to be purchased are in strict accordance with the standard specifications of FRANCHISOR, all as more specifically described in Section 8.C. In certain instances, FRANCHISOR reserves the right to designate a single source approved supplier ("Single Source Approved Supplier") for a specific product ("Single Sourced Products"), and FRANCHISOR, an affiliate or a designated third party supplier may be that Single Source Approved Supplier. FRANCHISOR will identify Single Sourced Products through the Manuals or other written system communications. From time to time, FRANCHISOR may modify the list of Single Sourced Products.

(2) FRANCHISEE shall sell no product, service or other item at the JOHNNY ROCKETS Restaurant other than products, services or other items approved by FRANCHISOR.

(3) FRANCHISEE shall not, without FRANCHISOR's prior written consent, sell, dispense, give away or otherwise provide FRANCHISOR's products, or any products bearing the Marks, except by means of retail sales in the JOHNNY ROCKETS Restaurant.

(4) All menu items shall be made in strict compliance with FRANCHISOR's specifications, recipes and requirements as may be provided for in the Manuals or prescribed in writing from time to time by FRANCHISOR.

(5) FRANCHISEE must, at all times, maintain an adequate inventory of products, supplies and materials sufficient to satisfy customer demand and to operate the JOHNNY ROCKETS Restaurant efficiently.

(6) FRANCHISOR may specify, from time to time, certain articles of clothing (such as T-shirts, sweat shirts, jackets, caps, aprons and similar items), souvenirs (such as watches, pins and records) and other novelty items, identified with the Marks or otherwise related to the Johnny Rockets System, which shall be offered for sale by FRANCHISEE at the JOHNNY ROCKETS Restaurant. FRANCHISEE shall maintain a sufficient representative inventory of each such item to ensure that such items are available on a regular basis at the JOHNNY ROCKETS Restaurant. FRANCHISEE shall not sell any such articles, souvenirs and other novelty items at the Restaurant Site without FRANCHISOR's prior written approval. Upon receipt of written notice from FRANCHISOR, FRANCHISEE hereby agrees to immediately remove from the Restaurant Site and to refrain from selling thereat all such items not approved by FRANCHISOR.

(7) FRANCHISOR may, from time to time, require FRANCHISEE to test market products and/or services in connection with the operation of the JOHNNY ROCKETS Restaurant. FRANCHISEE agrees to cooperate with FRANCHISOR in connection with the conduct of such test marketing programs and agrees to comply with FRANCHISOR's rules and regulations established from time to time in connection herewith.

(8) FRANCHISOR may, in the exercise of its business judgment, enter into supply contracts either for all JOHNNY ROCKETS Restaurants or a subset of JOHNNY ROCKETS Restaurants situated within one or more geographic regions (each, a "systemwide supply contract"). FRANCHISOR may enter in such systemwide supply contracts with one or more vendors for programs, products, supplies, equipment, materials and services that all company-owned and franchised JOHNNY ROCKETS Restaurants in the United States, or company-owned and franchised JOHNNY ROCKETS Restaurants in a designated geographic area, will be required to purchase, use and sell. If FRANCHISOR does so, then immediately upon notification, FRANCHISEE, FRANCHISOR and all other JOHNNY ROCKETS Restaurants (or, as applicable, those in the designated geographic area) must purchase the specified program, product, supply, equipment, material or service only from the designated supplier. However, if at the time of FRANCHISOR's notification FRANCHISEE is already a party to a non-terminable supply contract with another approved vendor or supplier for the item in question, then FRANCHISEE's obligation to purchase from FRANCHISOR's designated supplier under the systemwide supply contract will not begin until the scheduled expiration (or earlier termination) of FRANCHISEE's pre-existing supply contract. FRANCHISOR makes no representation that it will enter into any systemwide supply contracts or other exclusive supply arrangements or, if it does so, that FRANCHISEE would not otherwise be able to purchase the same programs, products and/or services at a lower price from another supplier. FRANCHISOR may add to, modify, substitute or discontinue systemwide supply contracts or exclusive supply arrangements in the exercise of its business judgment.

(9) All specifications, products and designated and approved suppliers are subject to addition, modification, revocation and/or deletion by FRANCHISOR at any time upon notice to FRANCHISEE. If FRANCHISOR revokes or deletes any product, equipment, component or any approved or designated supplier, FRANCHISEE must cease using such disapproved item or supplier (and any items purchased from a revoked source of supply).

C. Purchase of Proprietary Products/Single Sourced Products

(1) The seasonings and certain other products, including those which may be developed from time to time, used in the preparation of Johnny Rockets food products ("Proprietary Products") are unique and their formula and manufacturing process constitute trade secrets essential to the success of the Johnny Rockets System. In addition, as noted in Section 7.B.(1), FRANCHISOR also may identify Single Sourced Products for use in the operation of the JOHNNY ROCKETS Restaurant. The Proprietary Products and Single Sourced Products must be used as prescribed and FRANCHISEE shall purchase the Proprietary Products and Single Sourced Products exclusively from FRANCHISOR or its affiliate or a Single Source Approved Supplier designated by FRANCHISOR, and from no other source, at such standard prices and under such stated terms as the same are established by FRANCHISOR, its affiliate or the Single Source Approved Supplier from time to time. The right to purchase and use the Proprietary Products and Single Sourced Products is sublicensed to FRANCHISEE pursuant to this Agreement and such right is only co-extensive with the Term of this Agreement.

(2) Purchases of Proprietary Products other than from FRANCHISOR, or its affiliates, or a Single Source Approved Supplier designated by FRANCHISOR, or purchases of products used by FRANCHISEE in place of FRANCHISOR's Proprietary Products and Single Sourced Products from any other manufacturer, or use or sale of any similar products not supplied by FRANCHISOR or its affiliates, or a Single Source Approved Supplier designated by FRANCHISOR, including the manufacture of any such products used in place of FRANCHISOR's Proprietary Products and Single Sourced Products, may result in termination of this Agreement.

D. Manuals

(1) FRANCHISOR shall lend FRANCHISEE one copy of the Manuals. The Manuals may take the form of one or more of the following: one or more loose leaf or bound volumes; bulletins; notices; videos; CD-ROMS; other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or, any other now or hereafter developed medium capable of conveying the Manuals' contents. The Manuals will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications and requirements for operating FRANCHISEE's franchised JOHNNY ROCKETS Restaurant. FRANCHISEE agrees to operate its JOHNNY ROCKETS Restaurant in strict compliance with the Manuals and this Agreement. At the option of FRANCHISOR, access to the Manuals may either be (a) electronically, via FRANCHISOR's JR Portal (as defined in Section 7.H, below) or (b) by loaning to FRANCHISEE a single printed copy of the Manuals. The portions of the Manual set forth on FRANCHISOR's JR Portal shall be deemed to be "written" for purposes of any provision of this Agreement requiring FRANCHISEE to follow the written directions of FRANCHISOR. The requirements set forth in the Manuals shall govern the operation of the JOHNNY ROCKETS Restaurant.

(2) FRANCHISOR has the right to prescribe additions to, deletions from and/or revisions to the Manuals (the "Supplements to the Manuals") from time to time, prior to the opening of the JOHNNY ROCKETS Restaurant and throughout the term of this Agreement, by FRANCHISOR, as and when deemed advisable by FRANCHISOR. All references to the Manuals in this Agreement will include the Supplements to the Manuals. Supplements to the Manuals will become binding and effective upon (a) posting the change on FRANCHISOR's JR Portal, or (b) delivery of written notice thereof to FRANCHISEE, unless (in either case) a longer period is specified in such notice. The Manuals, as modified from time to time shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time. In the event of any discrepancy, the electronic version of the Manual maintained on FRANCHISOR's JR Portal shall control.

(3) FRANCHISEE shall operate the JOHNNY ROCKETS Restaurant in accordance with the required standards, specifications and procedures set forth in the Manuals and this Agreement and shall comply with and accept as reasonable any modifications, revisions and additions to the Manuals which FRANCHISOR believes to be necessary or desirable, provided that no such addition or modification shall alter FRANCHISEE's fundamental status and material rights under this Agreement. Any required standards exist to protect FRANCHISOR's interest in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters reserved to FRANCHISEE.

(4) FRANCHISEE shall treat the Manuals as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential (including protecting the passwords for access to FRANCHISOR's JR Portal). Except as expressly permitted in the Manuals, FRANCHISEE shall not at any time without FRANCHISOR's prior written consent, copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. FRANCHISEE acknowledges that FRANCHISOR is the owner of all proprietary rights in the Manuals and all intellectual property rights connected therewith (including common law copyright) and that FRANCHISEE is acquiring no property or other right to the Manuals other than a license to use it and comply with it during the Term of this Agreement. FRANCHISEE agrees to ensure at all times that its copy of the Manuals are current and up-to-date. **(5)** Immediately upon the expiration or earlier termination of this Agreement, FRANCHISEE shall return all printed copies of the Manuals to FRANCHISOR.

E. Interior and Exterior Upkeep

Ongoing maintenance and repair of the JOHNNY ROCKETS Restaurant is the sole responsibility of FRANCHISEE. FRANCHISEE shall at all times maintain the interior and exterior of the JOHNNY ROCKETS Restaurant and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and shall comply with the requirements of the Manuals regarding the upkeep of the JOHNNY ROCKETS Restaurant. FRANCHISEE shall repair, refinish or paint the exterior and the interior of the JOHNNY ROCKETS Restaurant at its own expense at such times as reasonably directed by FRANCHISOR. FRANCHISEE shall maintain its furniture, fixtures, equipment, décor, and all other tangible property in the JOHNNY ROCKETS Restaurant in a clean, attractive condition and in good repair and shall replace any of the JOHNNY ROCKETS Restaurant's furniture, fixtures and equipment which FRANCHISOR determines has become obsolete or mechanically impaired. Replacement equipment and fixtures shall be of the same type and quality as are being used in the new JOHNNY ROCKETS Restaurants being installed at the time replacement is required. All replacement equipment and fixtures shall comply with FRANCHISOR's then-current requirements and specifications as may be provided for in the Manuals or otherwise specified in writing by FRANCHISOR. FRANCHISEE's obligation to maintain and repair the JOHNNY ROCKETS Restaurant as set forth in this Section 7.E is separate and distinct from and not to be confused with FRANCHISEE'S obligation to modernize, renovate and/or remodel the JOHNNY ROCKETS Restaurant as set forth in Section 6.E herein above.

F. Hours of Operation

Except as otherwise provided for in the Manuals or with the written consent of FRANCHISOR, FRANCHISEE shall continuously operate the JOHNNY ROCKETS Restaurant from 11:00 a.m. until 10:00 p.m. (except on Friday and Saturday until 12:00 midnight), or such other hours as determined by FRANCHISOR or required by the Landlord, seven (7) days a week or in accordance with lease requirements. In no event shall FRANCHISOR require FRANCHISEE to remain open (a) later than 12:00 midnight on Sunday through Thursday, or (b) later than 2:00 a.m. on Friday and Saturday. The JOHNNY ROCKETS Restaurant may be closed on Thanksgiving Day and Christmas Day. Prior to FRANCHISOR's execution of this Agreement, FRANCHISEE shall provide FRANCHISOR with adequate proof that the JOHNNY ROCKETS Restaurant is not prohibited by any governmental authority under applicable state or local regulations from operating as provided in this Section.

G. Supervision, Management and Personnel of the JOHNNY ROCKETS Restaurant

(1) FRANCHISEE's JOHNNY ROCKETS Restaurant must at all times be under the direct supervision of FRANCHISEE or, in the case where FRANCHISEE is a corporation, limited liability company, trust, partnership or other entity (collectively "Business Entity"), by an Owner, officer, director or "Control Person" (as defined below) who has been approved in writing by FRANCHISOR) or a manager who has successfully completed the training provided for in Section 8.A of this Agreement and has been approved in writing by FRANCHISOR ("Manager"). As used in this Agreement, the term "Owner" means any and all direct and indirect shareholders, members, partners, trustees, or other equity owners of a Business Entity; except that if FRANCHISOR has any ownership interest in FRANCHISEE, the term "Owner" shall not include or refer to the FRANCHISOR or its parent, Owners or affiliates, and no obligation or restriction upon the "FRANCHISEE," or its Owners, directors or officers shall bind FRANCHISOR, its parent, Owners or affiliates, or their respective Owners, directors or officers. "Control Person" means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant, is responsible for overseeing the general management of the day-to-day operations of the Restaurant, and has authority to sign on your behalf on all contracts and commercial documents. The Control Person must be listed in your License Application and must be approved by JRL.

(2) FRANCHISEE or one of its Owners, officers, directors or Control Person must devote sufficient time and attention to the performance of his duties hereunder, including a minimum of eight (8) hours per week of physical presence at the JOHNNY ROCKETS Restaurant during open and operating hours, and a failure to do so shall constitute a breach of this Agreement. Upon receipt of a request by FRANCHISOR, FRANCHISEE shall provide FRANCHISOR with adequate evidence that this obligation is being fulfilled.

(3) FRANCHISEE or a Manager (including a Control Person) shall assume responsibility for the day-to-day management and operation of the JOHNNY ROCKETS Restaurant, oversight of the preparation of food products and supervision of personnel. FRANCHISEE may designate any number of assistant managers. The Manager of the JOHNNY ROCKETS Restaurant shall be required to spend at least forty (40) hours per week overseeing the operation of the JOHNNY ROCKETS Restaurant during open and operating hours; provided, however, that at all times during open and operating hours of the JOHNNY ROCKETS Restaurant, either FRANCHISEE or one of its Owners, officers or directors, a Manager or an assistant manager shall be physically present at and actively supervising the operation of the JOHNNY ROCKETS Restaurant. FRANCHISEE may replace any Manager or assistant manager at any time provided that FRANCHISEE's new Manager or assistant manager immediately completes FRANCHISOR's training program as described in Section 8.A.(2) of this Agreement.

(4) FRANCHISEE is responsible for hiring, training and supervising its JOHNNY ROCKETS Restaurant employees. All personnel employed by FRANCHISEE at the JOHNNY ROCKETS Restaurant shall maintain such standards of sanitation and cleanliness as set forth in the Manuals or specified in writing by FRANCHISOR from time to time. None of FRANCHISEE's employees will be considered to be FRANCHISOR'S employees and FRANCHISEE will never contend otherwise. FRANCHISEE expressly agrees, and will never contend otherwise, that FRANCHISOR does not have the direct or indirect power to hire, fire or control any of FRANCHISEE's employees. Neither FRANCHISEE nor any of its employees whose compensation FRANCHISEE pays may in any way, directly or indirectly, expressly or by implication, be construed to be FRANCHISOR's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. FRANCHISEE expressly agrees, and will never contend otherwise, that FRANCHISOR's authority under this Agreement does not directly or indirectly vest in FRANCHISOR the power to hire, fire or control any of FRANCHISEE's employees.

H. Computer Hardware and Software

(1) **Point of Sale System.** FRANCHISEE shall purchase, use and maintain the point of sale cash collection system, including all related hardware and software, ("POS System") as specified in the Manuals or otherwise by FRANCHISOR in writing for use in connection with the JOHNNY ROCKETS Restaurant. Upon at least ninety (90) days prior written notice, FRANCHISOR may require FRANCHISEE to computerize the POS System (including, purchasing all related hardware and software). The POS System must be connected to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by FRANCHISOR) for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering and maintaining the POS System. FRANCHISEE's Restaurant must also meet and maintain Payment Card Industry (PCI) Data Security Standard (DSS) compliance. FRANCHISOR may require FRANCHISEE to upgrade the POS System hardware and/or software from time to time upon written notice. Within a reasonable time upon FRANCHISOR's request, FRANCHISEE shall accept gift cards, debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase authorized products via such procedure, as specified by FRANCHISOR, and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. FRANCHISEE's POS system must allow FRANCHISOR to poll FRANCHISEE's sales on a daily basis and allow FRANCHISOR to make electronic fund transfers of the Weekly Royalty Fee, Weekly

Marketing Fee and any other fees due and payable by FRANCHISEE. FRANCHISEE must purchase a maintenance, repair, upgrade or updated service contract for its POS System.

(2) **Computer System.** In addition to the POS System, FRANCHISEE shall purchase, use and maintain a personal computer system ("Computer System") as specified in the Manuals or otherwise by FRANCHISOR in writing for use in connection with the JOHNNY ROCKETS Restaurant. FRANCHISOR may designate certain computer software to be used in the operation of JOHNNY ROCKETS Restaurants. FRANCHISOR may require FRANCHISEE to maintain an e-mail account and connect the Computer System to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by FRANCHISOR). FRANCHISEE shall obtain all software and hardware, including digital still and video cameras, as FRANCHISOR may specify to enable FRANCHISEE to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the Restaurant Site, and FRANCHISEE shall, from time to time, upon FRANCHISOR's request transmit digital photos and real time video and audio signals of the Restaurant Site to, and in the form and manner prescribed by, FRANCHISOR. FRANCHISEE shall purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as FRANCHISOR may from time to time require. FRANCHISEE shall permit FRANCHISOR to access the Computer System and the files stored therein via any means specified, including electronic polling communications.

(3) **Proprietary Software.** If FRANCHISOR designates certain computer software ("Proprietary Software") that is owned or licensed by FRANCHISOR to be used in the operation of the POS System and/or Computer System, FRANCHISEE shall, at FRANCHISOR's request, license or sublicense such software from FRANCHISOR or its designee and enter into a software (sub) license agreement on FRANCHISOR's or such designee's then-current form. From time to time, FRANCHISEE shall purchase any upgrades, enhancements or replacements to the Proprietary Software. FRANCHISEE must incorporate any required modifications or additions within thirty (30) days after receiving written notice from FRANCHISOR, unless a longer time period is stated in the notice. FRANCHISOR may provide to FRANCHISEE, for a reasonable fee, such support services relating to the Proprietary Software, as FRANCHISOR deems advisable.

(4) **Johnny Rockets Management System.** FRANCHISEE must use any management system or management software FRANCHISOR designates. FRANCHISEE may be required to pay FRANCHISOR, an affiliate of FRANCHISOR or any third party designated by FRANCHISOR a fee in connection with the management system or management software. FRANCHISOR has developed an online Portal Solution (www.jrportal.com) which provides for inventory control, cost control, purchasing tracking, and statistical, forecasting and communications programs (the "JR Portal"). FRANCHISEE may, but is not required to, use the JR Portal. FRANCHISOR may charge for support services when performed.

In the alternative, FRANCHISEE may elect to use the MenuLink (boa.menulink.net) (the "MenuLink") subject to the following:

(a) FRANCHISOR has developed a management software system known as the MenuLink. From time to time FRANCHISOR may provide information to FRANCHISEE regarding the MenuLink. All such information is proprietary to the FRANCHISOR and shall not be disclosed to third parties by FRANCHISEE. The scope of the MenuLink includes a general ledger accounting program, inventory and cost control programs, purchasing and re-order programs, statistical and forecasting programs, and communication programs. The MenuLink may be supplemented or modified by FRANCHISOR from time to time.

(b) At such time as FRANCHISEE begins using the MenuLink, FRANCHISEE must purchase the necessary software and hardware from FRANCHISOR at FRANCHISOR's cost without mark-up, if FRANCHISOR offers the equipment for sale to FRANCHISEE. In the alternative, FRANCHISEE

may purchase the recommended hardware and software for the MenuLinkfrom a supplier approved by FRANCHISOR. Nothing in this Agreement shall require the FRANCHISOR to offer such equipment or software for sale to FRANCHISEE.

(c) In the event that FRANCHISEE chooses to use the MenuLink, FRANCHISEE will be provided with either the MenuLink or information concerning the MenuLink for use by FRANCHISEE only in connection with operating the JOHNNY ROCKETS Restaurant licensed by this Agreement and complying with the accounting, record-keeping and reporting requirements of this Agreement. FRANCHISEE shall not use the MenuLink or information relating thereto for any other purpose whatsoever. FRANCHISEE shall not duplicate the MenuLink or any portion thereof and, upon the expiration or earlier termination of this Agreement, FRANCHISEE shall immediately return the MenuLink and all related documentation to FRANCHISOR.

(5) **Gift Card Program.** FRANCHISEE agrees that it must participate in any electronic gift card program designated by FRANCHISOR. FRANCHISEE further agrees that it will be required to purchase gift cards and equipment in connection with its participation in FRANCHISOR's gift card program.

I. Cooperation

FRANCHISEE shall cooperate with FRANCHISOR in taking any action or refraining from taking any action which, in the judgment of FRANCHISOR, is necessary or desirable to protect the Johnny Rockets System or the Marks or to promote and enhance the service provided by the JOHNNY ROCKETS Restaurant or the image of the JOHNNY ROCKETS Restaurant in the community.

J. Standard Menu Format

A standard menu format to be supplied by FRANCHISOR to FRANCHISEE is required by FRANCHISOR and shall be used by FRANCHISEE. The standard menu format provided by FRANCHISOR may differ slightly from the menu format FRANCHISOR provides to other franchisees. Specifically, the menu items offered from FRANCHISEE's Restaurant may vary from those offered at other franchisees' restaurants depending on the Restaurant Type, size and location of FRANCHISEE's Restaurant. FRANCHISOR may change the standard menu format at any time and from time to time. Any changes in the menu format by FRANCHISEE must be accepted in writing by FRANCHISOR prior to its use by FRANCHISEE and such acceptance may be withheld by FRANCHISOR. FRANCHISEE agrees to indemnify and hold FRANCHISOR, its shareholders, directors, officers, employees and agents harmless from and against any and all loss, damage, cost or expense, including attorneys' fees, resulting from any change FRANCHISEE makes in the standard menu or for any deviation of products from the descriptions contained in FRANCHISOR's accepted menu. FRANCHISOR may decide that the standard menu format may contain advertising references to other JOHNNY ROCKETS Restaurants. Notwithstanding the foregoing, prices, which will appear on the menus, shall be established exclusively by FRANCHISEE. FRANCHISOR's right to accept or reject the menu format shall not apply to acceptance of the prices at which any products are sold. FRANCHISOR may, in accordance with applicable law, suggest prices for the menu items and other products and services. FRANCHISOR has the right to modify the standard menu format which will give it the right to establish prices, both minimum and maximum. Any such modification will be in writing unless we so modify our standard menu format, and any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us. FRANCHISEE shall advertise, sell and serve all and only those authorized products and menu items at or from the JOHNNY ROCKETS Restaurant as specified by FRANCHISOR from time to time in the Manuals, or as otherwise directed by FRANCHISOR in writing, for sale at the JOHNNY ROCKETS Restaurant.

K. Trade Accounts

FRANCHISEE agrees to maintain its trade accounts in a current status and to seek to resolve any disputes with trade suppliers within thirty (30) days. Should FRANCHISEE not so maintain its trade accounts, FRANCHISOR may, after prior reasonable notice, but shall not be required to, pay any and all such accounts on behalf of FRANCHISEE, in which event FRANCHISEE agrees to immediately repay FRANCHISOR such amounts in the manner provided by Section 12.D herein. Failure of FRANCHISEE to keep its trade accounts current or to make the immediate repayment to FRANCHISOR specified herein shall constitute a default under this Agreement.

L. Compliance with Laws

FRANCHISEE shall operate the JOHNNY ROCKETS Restaurant in strict compliance with all applicable laws, rules, and regulations of duly constituted governmental authorities, including, but not limited to, all requirements of the Americans with Disabilities Act. FRANCHISEE shall be solely responsible for and shall, prior to opening the JOHNNY ROCKETS Restaurant, or within such shorter period as required by law, procure and maintain all necessary permits and licenses required for the operation of the JOHNNY ROCKETS Restaurant. All costs that may be incurred in order to maintain and implement such strict compliance with laws, rules and regulations and to procure and maintain such permits and licenses shall be borne by FRANCHISEE at his sole expense.

M. Payment of Taxes

FRANCHISEE shall be responsible for the payment of all taxes on its real and personal property, leasehold improvements, fixtures and equipment related to its JOHNNY ROCKETS Restaurant, and any and all sales, payroll, withholding and other taxes and Worker's Compensation and Unemployment Insurance payments promptly when due and hold FRANCHISOR harmless therefrom. All such taxes shall be paid directly to the taxing authorities prior to the delinquent date. If the amounts of such taxes become delinquent, FRANCHISOR may, after prior reasonable notice, elect on behalf of FRANCHISEE to pay the same, together with penalties and interest, if any, and FRANCHISEE agrees to immediately repay FRANCHISOR such amounts in the manner provided in Section 12.D. herein.

FRANCHISEE also will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes that may be imposed on FRANCHISOR as a result of its receipt or accrual of the Initial Franchise Fee, Weekly Royalty Fee, Weekly Marketing Fee, or other fees that are referenced in this Agreement, whether assessed against FRANCHISEE through withholding or other means or whether paid by FRANCHISOR directly. In either case, FRANCHISEE shall pay FRANCHISOR (and to the appropriate governmental authority) such additional amounts as are necessary to provide FRANCHISOR, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that FRANCHISOR would have received or accrued had such withholding or other payment, whether by FRANCHISOR or FRANCHISEE, not been required.

N. Uniforms

FRANCHISOR shall be entitled to prescribe standard uniforms and attire, including, but not limited to, restrictions on the wearing of facial hair, makeup and jewelry, for all JOHNNY ROCKETS Restaurant personnel of FRANCHISEE in order to enhance FRANCHISOR's product and format.

O. Vending Machines

No vending machines, amusement devices, video machines, ATMs or other money dispensing equipment or other devices of any nature, whether or not coin operated, other than a five cent counter jukebox and a coin operated weight scale, the specifications for and installation of which are required and specified by FRANCHISOR, or any other equipment required by FRANCHISOR, shall be installed or used at the JOHNNY ROCKETS Restaurant without the prior written consent of FRANCHISOR.

P. Smoking

FRANCHISEE shall not allow any smoking in any part of any JOHNNY ROCKETS Restaurant, including a patio area, subject to local ordinances, if any, and employees, while in uniform, shall be prohibited from smoking outside the restaurant within the view of customers.

Q. Guest Satisfaction Programs

FRANCHISEE shall participate in such Guest Satisfaction, Customer Service, or similar programs that FRANCHISOR shall establish from time-to-time, which may require (among other things) making customer comment cards available in the JOHNNY ROCKETS Restaurant, distributing "call back" cards to selected guests, or other activities. If the costs of such programs are not borne by the advertising "Fund" (as defined below), FRANCHISEE shall pay the uniform fee set by FRANCHISOR from time-to-time (but in no event more than $200.00 per month per JOHNNY ROCKETS Restaurant) for the costs of the programs.

R. FRANCHISOR Promotional Programs

FRANCHISOR may, from time to time, establish special promotional programs by issuing promotional cards, such as "VIP Cards" or "Be My Guest Cards," whereby the holder of any such card is entitled to receive food and/or beverages at no cost. FRANCHISEE must accept any such card and FRANCHISOR agrees to reimburse FRANCHISEE for the full amount of the food or beverages provided by FRANCHISEE to the guest by accepting any such card.

S. Notice of Potential Profit

FRANCHISOR or its affiliates may from time to time make available to FRANCHISEE goods, products or services for use in FRANCHISEE's JOHNNY ROCKET Restaurant on the sale of which FRANCHISOR or its affiliates may make a profit. The price of such goods, products or services shall be the Sellers' price then in effect. Further, FRANCHISOR or its affiliates may from time to time receive consideration from suppliers or manufacturers in respect to sales of goods, products or services to FRANCHISEE or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services provided by FRANCHISOR or its affiliates. FRANCHISEE agrees that FRANCHISOR or its affiliates are entitled to said profits and consideration.

T. Cobranding

FRANCHISOR may determine from time to time to incorporate in the System programs, products or services which it either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which FRANCHISEE's JOHNNY ROCKETS Restaurant, along with other businesses, will be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Marks and may require FRANCHISEE to make modifications to its JOHNNY ROCKETS Restaurant's premises and the furniture, fixtures, equipment, signs and trade dress of the JOHNNY ROCKETS Restaurant. If FRANCHISEE receives written notice that FRANCHISOR is instituting a

cobranding program, FRANCHISEE agrees promptly to implement that program at its Restaurant at the earliest commercially reasonable time and to execute any and all instruments required to do so.

U. Privacy and Data Protection

FRANCHISEE must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information within FRANCHISEE's control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("Personal Information") in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("Privacy Laws"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by FRANCHISOR that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause FRANCHISOR to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing FRANCHISOR deems necessary in FRANCHISOR's business judgment to keep FRANCHISOR in compliance with the Privacy Laws; and (v) immediately report to FRANCHISOR the theft or loss of Personal Information (other than the Personal Information of FRANCHISEE's own officers, directors, shareholders, employees or service providers). FRANCHISEE must also comply with payment card industry ("PCI") standards, norms, requirements and protocols, including PCD Data Security Standards.

V. Adequate Reserves and Working Capital

FRANCHISEE must at all times maintain adequate reserves and working capital sufficient for it to fulfill all its obligations under this Agreement and to cover the risks and contingencies of the JOHNNY ROCKETS Restaurant for at least three months. These reserves may be in the form of cash deposits or lines of credit.

8. SERVICES OF FRANCHISOR

In addition to the services of FRANCHISOR set forth elsewhere in this Agreement and provided that FRANCHISEE is not then in default under and has substantially complied with the terms and conditions of this Agreement or any other agreements between FRANCHISEE and FRANCHISOR, its parent or any affiliate, FRANCHISOR shall perform the following:

A. Training and Assistance

(1) Initial Training

(a) Prior to the opening of FRANCHISEE's first JOHNNY ROCKETS Restaurant, FRANCHISOR shall provide training in the operation of a JOHNNY ROCKETS Restaurant to FRANCHISEE (or, in the case where FRANCHISEE is a corporation or other legal entity, a principal or Control Person who has been approved in writing by FRANCHISOR) and one additional person designated by FRANCHISEE as the manager or assistant manager responsible for the operation of the JOHNNY ROCKETS Restaurant must attend such training. At FRANCHISEE'S option, up to two additional persons designated by FRANCHISEE as its Restaurant managers or assistant managers may also attend such training. FRANCHISEE must secure FRANCHISOR'S prior written approval for any and all attendees of FRANCHISOR's training, except for FRANCHISEE or FRANCHISEE'S Control Person. If this is FRANCHISEE's second or third Restaurant, FRANCHISOR will provide training to two persons designated by FRANCHISEE as the Manager and/or assistant managers of the second or third Restaurant. This training program and those described below will include a standard course of training covering the procedures necessary to operate a JOHNNY ROCKETS Restaurant. Training will be conducted at a certified training location as designated by FRANCHISOR and will

last for twenty-four (24) shifts (approximately four (4) weeks if attended on a full-time basis) or as otherwise deemed appropriate by FRANCHISOR.

(b) FRANCHISEE is fully responsible for maintaining worker's compensation coverage on any trainee pursuant to the laws of the trainee's home state and the state in which the training occurs. FRANCHISEE also agrees to obtain and verify eligibility to work status at the training site and is fully responsible for all wages and compensation of the person being trained. FRANCHISEE shall bear the cost and expenses attributable to room and board, wages and other relevant benefits and compensation, travel and other personal expenses of such individuals.

(c) FRANCHISEE and each of its management personnel who participate in FRANCHISOR's initial training program shall diligently pursue such training program. Successful completion of such initial training program by all required attendees is a condition precedent to the opening of FRANCHISEE's first JOHNNY ROCKETS Restaurant to the public. Failure of FRANCHISEE, Owner or any Managers or assistant managers to complete such training in a manner satisfactory to FRANCHISOR shall allow FRANCHISOR to terminate this Agreement; provided however, in the event that any Manager or assistant manager of FRANCHISEE fails to complete FRANCHISOR's training program satisfactorily, FRANCHISEE shall have the option of sending one (1) other designated person accepted by FRANCHISOR to FRANCHISOR's training program in place of each such individual. The training of such replacement Manager or assistant manager constitutes additional training as more specifically described in Section 8.A.(2) of this Agreement and FRANCHISEE is required to reimburse FRANCHISOR for its cost of such additional training as provided therein.

(2) **Additional Training.** If, at any time after the opening of the JOHNNY ROCKETS Restaurant, FRANCHISOR determines that FRANCHISEE requires additional training or FRANCHISEE hires an additional or replacement Manager or assistant manager and FRANCHISOR determines that FRANCHISEE is unable to adequately train such Manager or assistant manager, FRANCHISOR may require that FRANCHISEE or such Manager or assistant manager satisfactorily complete such training as may be designated by FRANCHISOR. Should FRANCHISEE at any time desire that FRANCHISOR train additional persons, including any replacement Manager or assistant manager designated by FRANCHISEE to complete the training required at Section 8.A.(1) above, and FRANCHISOR consents to such training, or should FRANCHISOR require that a Manager or assistant manager complete FRANCHISOR's training program as provided for in this Section 8.A.(2), FRANCHISEE shall pay all salary, wages and total compensation benefits, travel and lodging for such person during such training and reimburse FRANCHISOR for its costs of such training in the amount of Four Thousand Dollars ($4,000) for each individual.

(3) **Opening Assistance.** Immediately before and after the opening of the JOHNNY ROCKETS Restaurant, FRANCHISOR shall provide, at FRANCHISOR's expense, up to three (3) operational representatives for a period of up to five (5) days before opening and five (5) days after opening or as otherwise deemed necessary by FRANCHISOR for a Restaurant offering all menu items. If FRANCHISEE's Restaurant does not offer all menu items, this opening support will consist of up to four (4) days before opening and three (3) days after opening or as otherwise deemed necessary by FRANCHISOR.

(4) **Delays in Training.** In the event FRANCHISEE schedules any training and subsequently delays or reschedules such training, FRANCHISEE will be responsible to pay FRANCHISOR for any costs and expenses incurred by FRANCHISOR as a result of the delay or rescheduling.

(5) **Certified Training Centers.** For every three (3) Restaurants you develop, one (1) of those three (3) Restaurants must become a Certified Training Center for the training of the FRANCHISEE's management and staff personnel before FRANCHISEE will be allowed to develop any additional Restaurants. Some of the benefits of having one of your Restaurants become a Certified Training Center include (a)

FRANCHISEE will have the ability to train managers within its own network of Restaurants, (b) Certified Training Centers will be the first franchise restaurants to receive new training procedures and tools that are incorporated system wide, (c) FRANCHISEE's management personnel will have a better opportunity to progress in their professional development, and (d) an overall reduction in training costs. A Restaurant may become a Certified Training Center if it meets the standards and qualifications required by us, is in compliance with all the terms of the Franchise Agreement, and the required number of managers satisfactorily complete the additional required training to become "Certified Training Managers." We will provide the certification training to your managers at no cost to you, except you will be responsible for the cost of travel to the training and room and board during the training.

When one of Franchisee's Restaurants has qualified and been designated as a Certified Training Center, FRANCHISEE must appoint at least one of its Certified Trainers as an Opening Unit Coordinator ("OUC"). Thereafter, the OUC will be responsible for making sure that FRANCHISEE's management and staff personnel receive and pass the proper training for the operation of FRANCHISEE's Restaurant. FRANCHISEE may appoint one or more of its Certified Trainers as an OUC.

(6) **"Serve Safe" Training.** In addition to the requisite initial training program described above, prior to the opening of FRANCHISEE's JOHNNY ROCKETS Restaurant, there is a one (1) day "Serve Safe" training, which is provided by a third party "Serve Safe" training provider, that is required to be completed by anyone classified as a Control Person or anyone in a management position.

B. Inspections

(1) FRANCHISOR shall inspect the JOHNNY ROCKETS Restaurant from time to time to enhance uniformity and quality control. FRANCHISOR's personnel or designated agents or representatives shall have the right to enter the JOHNNY ROCKETS Restaurant at any reasonable time and from time to time for the purpose of examination, taking pictures, making a video, conferences with FRANCHISEE or its employees, inspection of the operation and testing of the products and items sold in the JOHNNY ROCKETS Restaurant and for all other purposes in connection with a determination that the JOHNNY ROCKETS Restaurant is being operated in accordance with the terms of this Agreement, the Manuals and other applicable rules of FRANCHISOR.

(2) FRANCHISEE specifically authorizes FRANCHISOR to permit FRANCHISOR's personnel or designated agents or representatives in the JOHNNY ROCKETS Restaurant to monitor the operation of the cash registers and accounting computers in the JOHNNY ROCKETS Restaurant for such periods of time as FRANCHISOR may determine to be necessary. FRANCHISOR shall notify FRANCHISEE in writing of any defects, deficiencies or unsatisfactory conditions discovered at the JOHNNY ROCKETS Restaurant, and FRANCHISEE agrees to immediately commence to correct or repair any such conditions discovered at the JOHNNY ROCKETS Restaurant by FRANCHISOR's personnel immediately upon being advised of same and thereafter diligently pursue such correction or repair to completion.

(3) If FRANCHISEE fails to comply with the foregoing obligation to correct or repair any condition at the JOHNNY ROCKETS Restaurant within the time specified by FRANCHISOR, FRANCHISOR, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 19 of this Agreement, shall have the right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses thereof, including meals, lodging, wages and transportation for FRANCHISOR's personnel inspecting the JOHNNY ROCKETS Restaurant, if so utilized, shall be promptly reimbursed by FRANCHISEE to FRANCHISOR upon request by FRANCHISOR.

(4) Should any deficiency or unsatisfactory condition be reported more than once within any thirty (30) day period or three (3) times in any twelve (12) month period, FRANCHISOR shall have the

right, in addition to all other available rights and remedies, to place a representative in charge of all operations of the JOHNNY ROCKETS Restaurant for a period of up to thirty (30) days in each such instance, and the wages and expenses of meals, lodging and transportation for said representative, which shall be commensurate with that provided for managers of other JOHNNY ROCKETS Restaurants, shall promptly be reimbursed by FRANCHISEE upon request by FRANCHISOR.

C. Products, Supplies and Materials

(1) In order to protect and maintain the reputation and goodwill of the Johnny Rockets System and the Marks, FRANCHISOR shall require that all supplies, equipment, furnishings and fixtures conform to specifications and quality standards reasonably established by FRANCHISOR from time to time, and shall be purchased from suppliers accepted in writing by FRANCHISOR. Except for instances where FRANCHISOR has designated a Single Source as set forth in Sections 7.B and 7.C, if FRANCHISEE proposes to use in the operations of its JOHNNY ROCKETS Restaurant any product, supply, material, equipment or furnishing not theretofore accepted by FRANCHISOR as conforming to its specifications and quality standards and/or from a previously approved supplier or distributor not theretofore accepted by FRANCHISOR as a supplier to Johnny Rockets Franchisees, FRANCHISEE shall first so notify FRANCHISOR in writing. FRANCHISEE shall submit to FRANCHISOR, upon request, sufficient specifications, photographs and/or other information or samples for examination and/or testing and for a determination by FRANCHISOR of whether such product, supply or material and/or such supplier meets FRANCHISOR's specifications and standards as set forth in the Manuals or as set forth in writing by FRANCHISOR from time to time, which determination shall be reasonably made and communicated to FRANCHISEE within a reasonable time period. If FRANCHISOR does not respond to FRANCHISEE's request within ninety (90) days, FRANCHISOR shall be deemed to have denied FRANCHISEE's request.

(2) FRANCHISOR may require as a condition to approval of any supplier that such supplier include FRANCHISOR and FRANCHISEE as additional named insureds on such supplier's product liability insurance. FRANCHISOR shall also have the right to require that its representatives be permitted to inspect such supplier's facilities. FRANCHISOR reserves the right, at its option, to re-inspect the facilities and products of any accepted supplier and to revoke its approval upon the supplier's failure to continue to meet FRANCHISOR's criteria and specifications. The supplier must meet applicable federal, state and local regulatory requirements as well as certain facility, pest control, product specifications, quality assurance, employee good manufacturing practices, sanitation, bacteriological, storage, records, product recall and other standards imposed by FRANCHISOR. As conditions for acceptance of any new supplier or distributor, (a) FRANCHISEE shall reimburse FRANCHISOR for all excessive or unusual costs and expenses reasonably incurred by FRANCHISOR in connection with any such examination, testing or inspection, including travel and lodging expenses incurred where FRANCHISOR deems it necessary to visit a supplier's facilities, and (b) any new supplier or distributor must provide adequate evidence that it is willing and able to supply at least seventy-five percent (75%) of all domestic JOHNNY ROCKETS Restaurants.

(3) Nothing contained herein shall be deemed to require FRANCHISOR to accept an inordinate number of suppliers for a given item or approve suppliers where such approval, in the reasonable judgment of FRANCHISOR, would result in higher costs generally to FRANCHISOR's Franchisees or prevent the effective and economical supervision of its approved suppliers by FRANCHISOR.

(4) FRANCHISOR shall make available to FRANCHISEE, upon request, a list of suppliers, distributors and manufacturers, if any, that have been approved by the FRANCHISOR.

(5) FRANCHISOR shall not be liable to FRANCHISEE or any other person for its failure to make available any products, equipment, materials or supplies as provided for in this Section 8.C or any delay in connection with the delivery thereof where such failure or delay is caused by an act of God, war conditions,

an act of terrorism, governmental regulations or actions, embargo, fire, floods, strikes or other labor troubles, or, without limitation by reference any other cause not directly under FRANCHISOR's control including any act or omission of any third party.

D. Internet

(1) FRANCHISOR has established and will maintain the "FRANCHISOR Web site." The FRANCHISOR Web site is one or more series of inter-connected "pages" on the World Wide Web portion of the Internet. The "World Wide Web" is the portion of the Internet that features graphics-rich pages using the HTTP and HTML protocols; the "Internet" is any means of electronic communication that employs inter-connected computer networks to communicate information, of any kind, by fiber optics, wire, radio or other methods of transmission, including the myriad of computers, telecommunications facilities and similar means, both equipment and software, that comprise the interconnected worldwide network of networks that employ the TCP/IP (Transmission Control Protocol/Internet Protocol) or any predecessor or successor protocols to that protocol.

The FRANCHISOR Web site may, among other things, facilitate orders, provide information about the System and the products and services that are offered at JOHNNY ROCKETS Restaurants. FRANCHISOR has sole control over the design and content of FRANCHISOR's Web site. FRANCHISOR may, at its sole option, from time to time, without prior notice to FRANCHISEE: (i) change, revise, or eliminate the design, content and functionality of FRANCHISOR's Web site; (ii) make operational changes to FRANCHISOR's Web site; (iii) change or modify the "URL" (which is the uniform resource locator, the unique address assigned to each page of a Web site) and/or domain name of FRANCHISOR's Web site; (iv) substitute, modify, or rearrange FRANCHISOR's Web site, at FRANCHISOR's sole option, including in any manner that FRANCHISOR considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to FRANCHISOR's Web site; and (vi) disable or terminate FRANCHISOR's Web site without any liability to FRANCHISEE.

FRANCHISEE is prohibited from separately registering or using, any domain name or email address or establishing, participating in or otherwise maintaining a presence or advertise on the Internet, through social media or in any other mode of electronic commerce; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, social media or electronic commerce presence which in whole or in part incorporates the name "JOHNNY ROCKETS," any JOHNNY ROCKETS logo, or any name or logo confusingly similar thereto. We alone have the right, but not the obligation, to establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System.

(2) FRANCHISOR's Web site may include one or more interior pages that identify JOHNNY ROCKETS Restaurants, by among other things, geographic region, address, telephone numbers, and other appropriate matters. FRANCHISOR's Web site may also include one or more interior pages dedicated to franchise sales by FRANCHISOR and/or relations with FRANCHISOR's investors.

(3) FRANCHISOR may, at its option, establish and maintain, either a series of "private" pages on FRANCHISOR's Web site or its JR Portal (a private method of communication for use only by employees and franchisees of FRANCHISOR that transmits information over the Internet, but require a password to access data on the servers used by FRANCHISOR) through either of which FRANCHISOR, franchisees of FRANCHISOR, and their respective employees may communicate with each other, and through which FRANCHISOR may disseminate the Manual, updates thereto and other confidential information. FRANCHISOR shall have sole control over all aspects of the JR Portal, including the content and functionality

thereof. FRANCHISOR will have no obligation to maintain the JR Portal indefinitely, and may dismantle it at any time without liability to FRANCHISEE.

FRANCHISEE shall have the privilege to use the JR Portal, subject to FRANCHISEE's strict compliance with the standards and specifications, protocols and restrictions (collectively, the "Franchisor Protocols") that FRANCHISOR may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) communications between or among franchisees that endorse or encourage breach of any FRANCHISEE's Franchise Agreement; (iii) confidential treatment of materials that FRANCHISOR transmits via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for FRANCHISOR's suspending or revoking a FRANCHISEE's access to the JR Portal; and (vi) a privacy policy governing FRANCHISOR's access to and use of electronic communications that FRANCHISEE or other franchisees' post to the JR Portal. FRANCHISEE acknowledges that, as administrator of the JR Portal, FRANCHISOR can technically access and view any communication that any person posts on the JR Portal. FRANCHISEE further acknowledges that the JR Portal facility and all communications that are posted to it will become FRANCHISOR's property, free of any claims of privacy or privilege that FRANCHISEE or any other person may assert.

(4) FRANCHISOR may Link FRANCHISOR's Web site to the Web sites of third parties, including electronic service providers, FRANCHISOR's affiliates, and other providers of goods and services. FRANCHISOR may also permit third parties to Link (including so-called "Deep Links" to any interior page of FRANCHISOR's Web site that bypass the main page of FRANCHISOR's Web site) and may "frame" FRANCHISOR's Web site (a "frame" is a feature that, when used in conjunction with certain browsers, allows visitors to a Web site to view content from other Web sites without actually leaving the first page). FRANCHISOR may place legal notices, disclaimers, FRANCHISOR's corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on FRANCHISOR's Web site, all of which may be modified, expanded, or eliminated at FRANCHISOR's option. Further, FRANCHISOR may establish or participate in programs whereby FRANCHISOR refers end-users to other Web sites, or FRANCHISOR receives referrals from other Web sites. All consideration (monetary and non-monetary) received by FRANCHISOR on account of the placement or sale of advertisements, endorsements, and sponsorships on FRANCHISOR's Web site, and all consideration (monetary and non-monetary) received by FRANCHISOR on account of affiliate programs, will belong only to FRANCHISOR. FRANCHISOR may also establish programs that encourage repeat business by end-users.

(5) If FRANCHISEE breaches this Agreement or any other agreement with FRANCHISOR or its affiliates, FRANCHISOR may disable or terminate FRANCHISEE's access to the JR Portal without FRANCHISOR having any liability to FRANCHISEE, and in which case FRANCHISOR shall only be required to provide FRANCHISEE a paper copy of the Manual and any updates thereto, if none have been previously provided to FRANCHISEE, unless FRANCHISEE is not otherwise entitled to the Manual. Without limiting FRANCHISOR's general unrestricted right to permit, deny and regulate FRANCHISEE's participation on FRANCHISOR's Web site, if FRANCHISEE breaches this Agreement, or any other agreement with FRANCHISOR or its affiliates, FRANCHISOR may remove all references to the FRANCHISEE's JOHNNY ROCKETS Restaurant on FRANCHISOR's Web site until the breach is cured.

(6) FRANCHISOR has no control over the stability or maintenance of the Internet generally; as a result, FRANCHISOR is not responsible for damage or loss caused by errors of the Internet. Furthermore, FRANCHISOR is not liable for any direct, indirect, special, incidental, exemplary or consequential damages arising out of the use of, or the inability to use, FRANCHISOR's Web site or the Internet, including loss of profits, goodwill, or savings; downtime; or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

E. Pricing

(1) Because enhancing JOHNNY ROCKETS' interbrand competitive position and consumer acceptance for JOHNNY ROCKETS' programs, products and services is a paramount goal of FRANCHISOR and its franchisees, and because this objective is consistent with the long term interest of the System overall, FRANCHISOR may exercise rights with respect to the pricing of programs, products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation):

(a) Prescribing the maximum and/or minimum retail prices which FRANCHISEE may charge customers for the programs, products and/or services offered and sold at its JOHNNY ROCKETS Restaurant;

(b) Recommending retail prices;

(c) Advertising specific retail prices for some or all programs, products or services sold by FRANCHISEE's JOHNNY ROCKETS Restaurant, which prices FRANCHISEE will be compelled to observe (colloquially referred to as "price point advertising campaigns");

(d) Engaging in marketing, promotional and related campaigns which FRANCHISEE must participate in and which may directly or indirectly impact FRANCHISEE's retail prices (such as "buy one, get one free"); and,

(e) Otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which FRANCHISEE's JOHNNY ROCKETS Restaurant may charge the public for the programs, products and services it offers.

FRANCHISOR may engage in any such activity either periodically or throughout the Term of this Agreement. Further, FRANCHISOR may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. FRANCHISEE acknowledges and agrees that any maximum, minimum or other prices FRANCHISOR prescribes or suggests may or may not optimize the revenues or profitability of FRANCHISEE's JOHNNY ROCKETS Restaurant and FRANCHISEE irrevocably waives any and all claims arising from or related to FRANCHISOR's prescription or suggestion of FRANCHISEE's JOHNNY ROCKETS Restaurant's retail prices.

9. INSURANCE

FRANCHISEE shall secure and maintain insurance coverage for "all operations" of FRANCHISEE, including property coverage, general liability and products liability, with insurance carriers acceptable to FRANCHISOR and in accordance with FRANCHISOR's current insurance requirements as set forth in this Section 9 or as otherwise provided from time to time in the Manuals, including a waiver by the insurer of any right of subrogation. The required insurance policies must be provided by an insurer having a minimum A.M. Best's rating of A-, VII, and must include, at a minimum, the following: comprehensive general liability insurance including coverage for personal injury on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate and coverage of products/completed operations with a limit of not less than $2,000,000 in the aggregate, with Umbrella (Excess) Liability coverage (following form) of not less than $5,000,000 per occurrence (Umbrella Liability coverage must include coverage over General Liability, Product Liability, Auto Liability and Employer's Liability); automobile liability insurance covering owned, rented and non-owned automobiles in the amount of $1,000,000; $50,000 fire damage legal; workers' compensation (statutory coverage); and employer's liability coverage at statutory limits for $1,000,000 per accident, $1,000,000 disease (policy limit) and $1,000,000 disease (per person limit). Additionally, FRANCHISEE must obtain property insurance coverage which must include "all risk" physical damage

insurance, including sprinkler leakage, for the full replacement cost of all additions, improvements and alterations to the Restaurant and all of the furniture, fixtures and equipment, Stock and all other property items located at the Restaurant. The coverage shall commence when FRANCHISEE first takes possession of the Restaurant Site, comply with the requirements of the lease for the Restaurant Site and include coverage for such risks, and in such amounts, and subject to such policy limits and deductible amounts as FRANCHISOR shall determine from time to time. FRANCHISEE also shall carry such Workers' Compensation insurance as may be required by applicable law. In the event FRANCHISEE is approved to sell and does sell alcohol at the Restaurant, FRANCHISEE shall carry liquor liability coverage under its comprehensive general insurance.

At least ten (10) days prior to FRANCHISEE taking possession of the Restaurant Site, FRANCHISEE must provide FRANCHISOR with a Certificate of Insurance that verifies that FRANCHISEE's insurance policy meets or exceeds the coverage specifications and requirements noted above, including the requirement that FRANCHISOR and The Johnny Rockets Group, Inc. are named as additional insureds. All policies shall be primary and non-contributing and provide FRANCHISOR with at least thirty (30) days' written notice of cancellation or termination of coverage. FRANCHISOR reserves the right to specify reasonable changes in the types and amounts of insurance coverage required by this Section 9. Should FRANCHISEE fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to FRANCHISOR or to maintain it throughout the term of this license or any renewal thereof, FRANCHISOR may, but shall not be obligated to, procure such coverage for FRANCHISEE, in which event FRANCHISEE agrees to pay the required premiums and/or to reimburse FRANCHISOR therefore in the manner provided by Section 12.D herein. Failure to maintain the required insurance or to promptly reimburse FRANCHISOR for any premiums paid on behalf of FRANCHISEE by FRANCHISOR shall constitute a default under this Agreement.

10. ADVERTISING

A. Advertising Fund

(1) Weekly Marketing Fee

(a) Subject to Section 10.A.(1)(b) below, commencing on the Opening Date and continuing during the Initial Term of this Agreement and all subsequent renewals, FRANCHISEE shall pay to FRANCHISOR a weekly marketing fee ("Weekly Marketing Fee") in an amount specified by FRANCHISOR not to exceed four percent (4%) of Weekly Gross Sales (as defined in Section 13.A of this Agreement). Such contribution shall be payable by FRANCHISEE to FRANCHISOR for the same period as and together with the Weekly Royalty Fee. In addition to any other rights FRANCHISOR may have under this Agreement, if FRANCHISEE fails to pay the Weekly Marketing Fee, FRANCHISEE will not receive any marketing materials from FRANCHISOR until FRANCHISEE comes current with its Weekly Marketing Fee payments. All Weekly Marketing Fees collected from FRANCHISEE and all other franchisees similarly situated to FRANCHISEE and all restaurants owned by FRANCHISOR or its affiliates shall be deposited into a separate account controlled by Franchisor ("Fund"). FRANCHISOR shall comply with the reporting requirements set forth in Section 10.C of this Agreement.

(b) FRANCHISOR shall have the right, from time to time, upon thirty (30) days' prior written notice, to suspend and/or to reinstate collection of Weekly Marketing Fees, and to vary the amounts payable by FRANCHISEE (but in no event shall such amount exceed four percent (4%) of Weekly Gross Sales) as FRANCHISOR deems appropriate.

B. Application of Weekly Marketing Fees

(1) As provided in Section 10A FRANCHISEE agrees to pay FRANCHISOR a Weekly Marketing Fee which, combined with the contributions made by all other JOHNNY ROCKETS franchisees, will constitute the Fund.

(2) FRANCHISOR will direct all advertising programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. FRANCHISEE acknowledges that the Fund is intended to further general public recognition and acceptance of the Marks for the benefit of the System. FRANCHISEE further acknowledges that FRANCHISOR and its designees undertake no obligation in administering the Fund to make expenditures for FRANCHISEE which are equivalent or proportionate to FRANCHISEE's contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. The Fund is not a trust and FRANCHISOR is not a fiduciary with respect to the Fund.

(3) The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): production and media; television, radio, cable, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations and promotional materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the JOHNNY ROCKETS website; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); celebrity endorsements; reviewing any advertising material FRANCHISEE proposes to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; conducting customer surveys and customer interviews; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; related retainers; social media programs on the internet; cellular telephone and smartphone media programs; other activities that FRANCHISOR in its business judgment believes appropriate to enhance, promote and/or protect the System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees.

(4) FRANCHISOR may but need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from its other funds, but FRANCHISOR may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. FRANCHISOR may, however, expend monies from the Fund for any reasonable administrative costs and overhead that FRANCHISOR may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund; and, otherwise devoting its personnel, resources and/or funds for the benefit of the Fund. FRANCHISOR's right to expend monies from the Fund to reimburse it for such activities is exclusive of any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency.

(5) FRANCHISOR expects to expend most contributions to the Fund for advertising during the fiscal year when the contributions are made. If FRANCHISOR expends less than the total sum available in the Fund during any fiscal year, it may either expend the unused sum during the following fiscal year or rebate all or a portion of the unused sum to franchisees on a pro rata basis for them to spend on local advertising and promotion. If FRANCHISOR advances and expends an amount greater than the amount available in the Fund in any fiscal year (in addition to any sum required to be expended because it did not expend all the sums in the Fund during the preceding year), FRANCHISOR will be entitled to reimburse itself from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate

of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which it advanced and expended any such sum).

C. Reports

Within a reasonable time following a written request from FRANCHISEE, FRANCHISOR shall deliver to FRANCHISEE a statement of all receipts and marketing and promotional expenditures of the Fund during the FRANCHISOR's fiscal year preceding the date of FRANCHISEE's request.

D. Grand Opening Publicity Support

Concurrent with the payment of the Initial Franchise Fee, FRANCHISEE must pay FRANCHISOR a Grand Opening Publicity Support Fee in an amount ranging from Five Thousand Dollars ($5,000.00) to Ten Thousand Dollars ($10,000.00), depending on the size and location of the Restaurant. FRANCHISOR will have the absolute right to determine FRANCHISEE's required Grand Opening Publicity Support Fee. The Grand Opening Publicity Support Fee will be used to pay for advertising, promotion, events and publicity purchased in support of the approved Grand Opening Publicity Plan for FRANCHISEE'S Restaurant. At least ninety (90) days prior to the scheduled opening of FRANCHISEE's Restaurant, FRANCHISEE must submit a Grand Opening Publicity Plan to FRANCHISOR for approval. The Grand Opening Publicity Support Fee paid by FRANCHISEE will be deposited in an account with other marketing fees. Upon our receipt of paid invoices from FRANCHISEE for approved promotion or publicity events pursuant to FRANCHISEE's Grand Opening Publicity Plan, FRANCHISEE will be reimbursed from its Grand Opening Publicity Support Fee. Any such paid invoices must be submitted for reimbursement no later than ninety (90) days after the opening of FRANCHISEE's Restaurant, or such invoices will not be reimbursed. Any amount of the Grand Opening Publicity Support Fee not paid to FRANCHISEE as a result of its failure to submit a paid invoice to us as required above, will be forfeited and paid into the Fund (as defined in Section 10.A.(1)(a)). All promotional, publicity and advertising material, including Internet advertising, must be approved by us before use.

E. Local Advertising

(1) In addition to paying the Weekly Marketing Fee, FRANCHISEE is required to spend during each calendar quarter two percent (2%) of its Weekly Gross Sales for local advertising, which may include advertising published in local newspapers and promotional merchandise distributed to the community. Such local advertising must include FRANCHISEE listing its JOHNNY ROCKETS Restaurant in the white pages and yellow pages of the authorized telephone company directories distributed in FRANCHISEE's area. All such advertising shall be conducted in a dignified manner and conform to the standards and requirements prescribed by FRANCHISOR from time to time and to the highest ethical standards of advertising.

(2) Unless provided to FRANCHISEE by FRANCHISOR, all local advertising, promotions or other forms of publicity to be employed by FRANCHISEE, which may include newspaper and radio advertisements, broadcast or cable television, signs, billboards, appearances by public figures, flyers, coupons and promotional merchandise in the form of watches, records, T-shirts, caps, buttons and similar items, shall be submitted to FRANCHISOR for acceptance at least thirty (30) business days prior to use. No advertising, promotion or publicity shall be employed without the prior approval of FRANCHISOR, which approval may be withheld by FRANCHISOR. If any such advertising has not been expressly rejected by FRANCHISOR within said thirty (30) business days, it shall be deemed accepted. Notwithstanding the foregoing, if FRANCHISEE is unable to submit proposed advertising and promotional material thirty (30) business days prior to use, the FRANCHISOR may agree to review said material prior to use.

(3) FRANCHISEE shall submit to FRANCHISOR, within fifteen (15) days after the end of each calendar quarter, a computation of the amount FRANCHISEE was required to expend hereunder for

advertising and promotion and the amount actually expended, attaching copies of all statements, invoices and checks issued during such calendar quarter by FRANCHISEE evidencing the expenditure of such sum for local advertising. Excess expenditures in any calendar quarter shall not reduce the amount required to be expended in any subsequent calendar quarter.

F. Co-Op Advertising Regions

FRANCHISOR may designate certain geographic areas for the purpose of establishing co-operative advertising programs to be participated in by all Johnny Rockets franchisees within such geographic area ("Co-Op Advertising Region"). If and when FRANCHISOR creates a Co-Op Advertising Region for the geographic area in which the JOHNNY ROCKETS Restaurant is located, FRANCHISEE must participate in and sign any governing documents for such Co-Op Advertising Region. The Co-Op Advertising Region may require each member to contribute to the Co-Op Advertising Region a percentage of each member's Weekly Gross Sales not to exceed three percent (3%). Such contribution shall be used for a regional co-op advertising program or programs. All contributions made by FRANCHISEE to such Co-Op Advertising Region shall be credited against the minimum local advertising requirement set forth above. This fee is in addition to the other advertising fees set forth in this Agreement.

11. INDEMNIFICATION

A. FRANCHISEE and all guarantors of FRANCHISEE's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to FRANCHISOR), and hold harmless (to the fullest extent permitted by law) FRANCHISOR and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents, attorneys and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of FRANCHISEE's establishment, construction, opening and operation of its JOHNNY ROCKETS Restaurant, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the franchised JOHNNY ROCKETS Restaurant; crimes committed on or near any of the premises, facilities of its JOHNNY ROCKETS Restaurant or vehicles used by FRANCHISEE's JOHNNY ROCKETS Restaurant; all acts, errors, neglects or omissions engaged in by FRANCHISEE, its contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of FRANCHISEE's JOHNNY ROCKETS Restaurant, whether or not any of the foregoing was approved by FRANCHISOR; defects in any JOHNNY ROCKETS Restaurant FRANCHISEE constructs and/or operates, whether or not discoverable by FRANCHISEE or by FRANCHISOR; all acts, errors, neglects or omissions of FRANCHISEE or the franchised JOHNNY ROCKETS Restaurant and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of FRANCHISEE or the franchised JOHNNY ROCKETS Restaurant (or any third party acting on FRANCHISEE's behalf or at its direction), whether in connection with the franchised JOHNNY ROCKETS Restaurant or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any vehicle serving FRANCHISEE's JOHNNY ROCKETS Restaurant; all liabilities arising from or related to its offer, sale and/or delivery of programs, products and/or services as contemplated by this Agreement; and, any action by any customer of FRANCHISEE or visitor to FRANCHISEE's JONNY ROCKETS Restaurant or any other facility of FRANCHISEE's f JOHNNY ROCKETS Restaurant.

Specifically excluded from the indemnity FRANCHISEE gives hereby is any liability associated with FRANCHISOR's or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the

extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to FRANCHISEE).

FRANCHISEE agrees to give FRANCHISOR written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification within three days of FRANCHISEE's actual or constructive knowledge of it. At FRANCHISEE's expense and risk, FRANCHISOR may elect to assume (but under no circumstance will it be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, FRANCHISOR will seek FRANCHISEE's advice and counsel and keep FRANCHISEE informed with regard to the defense or contemplated settlements. FRANCHISOR's undertaking of defense and/or settlement will in no way diminish FRANCHISEE's obligation to indemnify FRANCHISOR and the other Indemnitees' and to hold us and them harmless.

FRANCHISOR will have the right, at any time it considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions it considers expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in FRANCHISOR's sole judgment, there are reasonable grounds to do so. Under no circumstance will FRANCHISOR or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate its or their losses to maintain a claim against FRANCHISEE. FRANCHISEE agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by FRANCHISOR or the other Indemnitees from FRANCHISEE. The indemnification obligations of this Section 11 will survive the expiration or sooner termination of this Agreement.

B. As used above, the phrase "claims, losses, liabilities and costs" includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to FRANCHISOR's reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnities' attorneys and/or experts); all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by FRANCHISEE pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

12. PAYMENTS TO FRANCHISOR

In addition to all other payments provided for in this Agreement, FRANCHISEE shall pay FRANCHISOR promptly when due (or, in the case of Section 12.D below, upon demand by FRANCHISOR) the following:

A. Weekly Royalty Fee

A weekly royalty fee for the use of the Johnny Rockets System and the Marks ("Weekly Royalty Fee") in an amount equal to five percent (5%) of FRANCHISEE's "Weekly Gross Sales" as defined in Section 13.A. Royalties are calculated on a cumulative basis, but are paid weekly. Prior to opening for business, FRANCHISEE must sign an authorization form, provided by FRANCHISOR, allowing FRANCHISOR to transfer the payment of the Weekly Royalty Fee each week from FRANCHISEE's bank account to FRANCHISOR's bank account by electronic funds transfer ("EFT"). FRANCHISOR shall electronically poll

FRANCHISEE'S daily sales, and the amount of any such transfer shall be calculated by FRANCHISOR based upon the electronic polling.

B. Weekly Marketing Fee

The Weekly Marketing Fee described in Section 10.A above shall be paid to FRANCHISOR by EFT. Prior to opening for business, FRANCHISEE shall sign an authorization form, provided by FRANCHISOR, allowing FRANCHISOR to transfer the payment of the Weekly Marketing Fee each week from FRANCHISEE's bank account to FRANCHISOR's bank account by EFT. FRANCHISOR shall electronically poll FRANCHISEE'S daily sales, and the amount of any such transfer shall be calculated by FRANCHISOR based upon the electronic polling.

C. Sales and Use Taxes

The amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid on account of goods or services furnished to FRANCHISEE by FRANCHISOR, whether such goods or services are furnished by sale, lease or otherwise.

D. Advances

All amounts, if any, advanced by FRANCHISOR or which FRANCHISOR has paid, or for which FRANCHISOR has become obligated on behalf of FRANCHISEE whether or not at FRANCHISEE's request, including any payments made on trade accounts and taxes as provided for in Section 7 of this Agreement and insurance as provided for in Section 9 of this Agreement. FRANCHISOR shall be under no obligation to make any such advances and any decision to do so shall be based upon FRANCHISOR's reasonable judgment.

E. Late Charge

FRANCHISEE agrees to pay FRANCHISOR, to compensate FRANCHISOR for its accounting, administrative costs and other damages reasonably expected to be incurred by FRANCHISOR with respect to any amounts payable to FRANCHISOR under Sections 12.A-D which are not received by FRANCHISOR within fifteen (15) days of the due date, a late charge equal to the greater of (1) ten percent (10%) of such payment for additional administrative costs incurred by FRANCHISOR, or (2) two hundred fifty dollars ($250.00), plus interest at the lower of the maximum rate permitted by law or fifteen percent (15%) from the date such payment was due until it is paid.

13. PAYMENT OF FEES; REPORTING REQUIREMENTS

A. Weekly Gross Sales

The term "Weekly Gross Sales" as used in this Agreement shall mean the total revenues derived by FRANCHISEE in and from its JOHNNY ROCKETS Restaurant during each one (1) week period (or portion thereof if the license term begins or ends during the middle of the week) from all sales of food, beverages (including beer and wine at the Restaurant), goods, wares, merchandise and all services made in, upon or from the JOHNNY ROCKETS Restaurant, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including such sales and services where the orders therefore originate at and are accepted by FRANCHISEE in the JOHNNY ROCKETS Restaurant, though delivery or performance thereof is made from or at any other place, or similar orders are received or billed at or from the JOHNNY ROCKETS Restaurant. Any sales made by FRANCHISEE at a location away from the JOHNNY ROCKETS Restaurant, such as, by way of illustration only, at fairs, exhibits, to go, catering, parties or other off-site temporary venues (which FRANCHISEE may make only with the prior written approval of FRANCHISOR) shall be part of Weekly Gross Sales. Weekly Gross Sales will not include rebates or refunds to customers,

revenues generated by promotional giveaways which are solely for the benefit of recognized charitable organizations and for which all profits generated thereby are received by said charitable organization, provided such sales do not exceed two percent (2%) of total sales, or the amount of any sales tax or other similar taxes that FRANCHISEE may be required to and does collect from customers and actually pays to any federal, state or local taxing authority.

B. Payment of Fees

(1) As additional consideration for the license, FRANCHISEE agrees to pay by EFT on or before Friday of each week, calculated upon the Weekly Gross Sales of FRANCHISEE's JOHNNY ROCKETS Restaurant during the immediately preceding calendar week (which week shall end each Sunday at 12 midnight) the Weekly Royalty Fee and Weekly Marketing Fee.

(2) FRANCHISEE shall deliver to FRANCHISOR any sales data reasonably requested by FRANCHISOR in the form, manner and frequency requested. Such data may include: (a) daily sales reporting forms and accompanying cash register tapes and (b) a copy of monthly state sales tax returns to be delivered to FRANCHISOR concurrently with the monthly profit and loss statement described at Section 13.C below.

(3) FRANCHISEE, or an Owner, officer, director or Control Person thereof or a Manager who has been approved of in writing by FRANCHISOR, shall be personally required to certify the completeness and accuracy of the accounting records, submit the financial statements and submit operating reports and sales figures with all Weekly Royalty Fees and Weekly Marketing Fees as provided in this Agreement.

C. Financial Statements

No later than thirty (30) days following the end of each four (4) week accounting period, FRANCHISEE shall provide FRANCHISOR with "compilation report" financial statements, including a statement of profit and loss and a balance sheet reflecting the financial condition of the JOHNNY ROCKETS Restaurant as of the last day of the preceding four (4) week accounting period prepared by FRANCHISEE, in the form specified by FRANCHISOR in the Manuals, and certified by FRANCHISEE or an Owner of FRANCHISEE to be true and correct. FRANCHISEE also shall deliver to FRANCHISOR within ninety (90) days of the end of FRANCHISEE's fiscal year, "review report" financial statements, including a balance sheet, a statement of profit and loss and a statement of changes in financial position prepared by FRANCHISEE's certified public accountant.

D. Tax Returns

FRANCHISEE shall submit to FRANCHISOR copies of FRANCHISEE's annual federal, state and city income and sales tax returns within twenty-one (21) days after filing, to the extent such returns relate to the JOHNNY ROCKETS Restaurant.

14. RECORDKEEPING AND ACCOUNTING

A. Use of Uniform System of Accounting

FRANCHISEE shall use, on a continuing basis and in the manner prescribed by FRANCHISOR, the MenuLink or another computerized management reporting system, which meets the criteria set forth from time to time by FRANCHISOR in the Manuals, to maintain the books and records of the JOHNNY ROCKETS Restaurant and FRANCHISEE's business pursuant to a uniform system of accounting. The components of the uniform system may be amended or supplemented from time to time by FRANCHISOR and include forms for reporting Weekly Gross Sales, the Weekly Royalty Fee and the Weekly Marketing Fee.

B. Records and Audits

FRANCHISEE shall maintain and preserve accurate books, records and tax returns, including related material, such as cash register tapes and invoices, for the JOHNNY ROCKETS Restaurant for at least five (5) years from the date such record is prepared. Such books, records, tax returns and supporting material shall be made available by FRANCHISEE for inspection, examination or audit by FRANCHISOR at all reasonable times and at such locations as may be designated by FRANCHISOR from time to time. Such examination or audit shall be at FRANCHISOR's expense unless it is disclosed that the total of Weekly Gross Sales submitted by FRANCHISEE for the period being inspected by FRANCHISOR is understated to the extent of one percent (1%) or more, in which case all costs and expenses related to such audit shall be borne by FRANCHISEE. FRANCHISEE shall immediately pay FRANCHISOR on demand any deficiency in Weekly Royalty Fee or Weekly Marketing Fee payments disclosed by such audit, together with: (1) interest at the lower of the maximum rate permitted by law or fifteen percent (15%) per annum, from the date such payments were originally due for payment to FRANCHISOR, and (2) a late fee equal to the greater of ten percent (10%) of the amount of fees so understated for additional administrative fees incurred by FRANCHISOR, or two hundred fifty dollars ($250.00). If FRANCHISEE fails to make such payment to FRANCHISOR within five (5) days of its receipt of FRANCHISOR's demand as described above, interest as described in (1) above shall also begin to accrue on the ten percent (10%) penalty fee referred to in (2) above. FRANCHISOR and its representatives shall not be responsible for failure to discover any defalcations during any audit or inspection of FRANCHISEE's accounting records. In the event any such defalcation is discovered by FRANCHISOR or its representatives, it will be promptly reported to FRANCHISEE.

15. TRANSFER

A. Transfer by FRANCHISOR

This Agreement is fully assignable by FRANCHISOR and inures to the benefit of any assignee or any other legal successor to the interest of FRANCHISOR. FRANCHISEE agrees to execute any forms that FRANCHISOR may reasonably request to effectuate any such transfer or assignment by FRANCHISOR.

B. Transfer by FRANCHISEE

(1) Restrictions on Transfer.

This Agreement has been entered into by FRANCHISOR in reliance upon and in consideration of the individual or collective character, reputation, skill, attitude, business ability, and financial capacity of FRANCHISEE or, if applicable, its Owners who will actively and substantially participate in the development, ownership and operation of the JOHNNY ROCKETS Restaurant. Accordingly, except as permitted by Section 15.B.(3) neither FRANCHISEE nor any of FRANCHISEE's Owners shall cause or allow any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise of any interest in FRANCHISEE, this Agreement, the license, the JOHNNY ROCKETS Restaurant or the Restaurant Site (collectively "Transfer") without (a) FRANCHISOR's prior written consent, which consent FRANCHISOR shall not unreasonably withhold (subject to conditions imposed pursuant to Section 15.B.(2) below), and (b) giving FRANCHISOR an opportunity to exercise its right of first refusal as described in Section 15.C below. Any attempt at such a Transfer without FRANCHISOR's approval and opportunity to exercise its right of first refusal shall constitute a breach of this Agreement and shall convey no right or interest in this Agreement.

As used in this Agreement the term "Transfer" shall also mean and include each of the following: (a) the Transfer by FRANCHISEE or its Owner(s) of more than 20% in the aggregate, whether in one or more transactions, of the assets, capital stock, membership interests or voting power of FRANCHISEE; (b) the issuance of any securities by FRANCHISEE, which itself or in combination with any other transaction(s), results in the Owners existing as of the Effective Date, owning less than 80% of the outstanding shares, membership interests or voting power of FRANCHISEE as constituted as of the Effective Date; (c) if FRANCHISEE is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner (each a "Partner") owning more than 20% of the voting power, property, profits or losses, or partnership interests of a Partner ("Partnership Rights"), or the admission of any additional general partner or the Transfer by any general partner of any of its Partnership Rights in the Partnership; (c) the death or legal incapacity of any Owner owning more than 20% of the capital stock, voting power of FRANCHISEE; or (d) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of FRANCHISEE, however effected.

(2) Conditions of Transfer. FRANCHISOR shall not unreasonably withhold its consent to any Transfer, provided, however, that prior to the time of Transfer, FRANCHISOR may require that the conditions specified below are met:

(a) All of FRANCHISEE's accrued monetary obligations to FRANCHISOR and all other outstanding obligations related to FRANCHISEE'S JOHNNY ROCKETS Restaurant shall have been satisfied;

(b) FRANCHISEE's right to receive compensation pursuant to any agreement or agreements for the purchase of any interest in FRANCHISEE or in its JOHNNY ROCKETS Restaurant shall be subordinated and secondary to FRANCHISOR's rights to receive any outstanding monetary obligations or other outstanding obligations due from FRANCHISEE pursuant to this Agreement or any other agreement between FRANCHISOR, its parent or any affiliate, and FRANCHISEE, whether arising before or after said Transfer;

(c) FRANCHISEE shall have executed a general release in a form satisfactory to FRANCHISOR and its parent and affiliates, effective as of the date of Transfer, of any and all claims against FRANCHISOR, and its parent and affiliates, and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances;

(d) The transferee franchisee shall enter into a written assumption agreement in a form satisfactory to FRANCHISOR, assuming and agreeing to discharge all of FRANCHISEE's obligations under this Agreement prior to and after the date of the assumption and to fully repair, refurbish, renovate, modernize and update, and relocate the restaurant facility located on the Restaurant Site and the equipment and signs therein, in accordance with FRANCHISOR's most current specifications prior to the completion of such sale or Transfer;

(e) The transferee franchisee (and its Owners) shall demonstrate to FRANCHISOR's satisfaction that it meets FRANCHISOR's reasonable educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has no felony convictions; has the aptitude and ability to conduct the business licensed herein (as may be evidenced by prior related business experience or otherwise); has adequate financial resources and capital to operate the business; and meets all of the then-current requirements for a new Franchisee;

(f) The transferee franchisee shall execute FRANCHISOR's then-current standard form Franchise Agreement (providing for the payment of royalties at the then-current rate for new franchisees) and other ancillary agreements as FRANCHISOR may require for the JOHNNY ROCKETS Restaurant for a term ending on the date of expiration of this Agreement and including option periods, if any;

(g) At transferee franchisee's expense and upon such other terms and conditions as FRANCHISOR may reasonably require, the transferee Franchisee and its Manager shall complete the training course then in effect for franchisees;

(h) Either FRANCHISEE or the transferee franchisee shall pay to FRANCHISOR a transfer fee of Five Thousand Dollars ($5,000) ("Transfer Fee") to cover FRANCHISOR's administrative and other expenses in connection with the actual Transfer; provided, however, that the Transfer Fee shall not be required in case of (i) a Transfer by FRANCHISEE upon the death of FRANCHISEE as described in Section 15.D below or (ii) a Transfer by FRANCHISEE to a corporation formed by FRANCHISEE solely for the convenience of ownership as described in Section 15.B.(3) below;

(i) The name of the transferee franchisee shall not contain the name of "Johnny Rockets" or contain the Marks or any colorable variation thereof or any other mark in which FRANCHISOR has or claims a proprietary interest without FRANCHISOR's prior written approval; and

(j) If the proposed transferee franchisee is a corporation, the corporation's performance of its obligations shall be guaranteed by all of its shareholders as from time to time constituted and the transferee franchisee shall place upon the certificates representing its voting shares of stock, the form of the legend set forth in Section 15.B.(3)(d) below; and

(k) That the Total Sales Price of FRANCHISEE's sale, assignment or transfer is not so excessive, in FRANCHISOR's sole determination, that it jeopardizes the continued economic viability and future operations of the franchised JOHNNY ROCKETS Restaurant and/or the assignee. "Total Sales Price" means all consideration of every kind paid or payable to FRANCHISEE or any other person in connection with, arising out of or relating to the assignment or transfer of the franchise, the Franchise Agreement or the JOHNNY ROCKETS Restaurant, whether money, property or other thing or service of value including consideration received for FRANCHISEE's JOHNNY ROCKETS Restaurant; FRANCHISEE's rights under this Agreement; contracts; goodwill; restrictive covenants; consulting arrangements; FRANCHISEE's furniture, fixtures, equipment and trade dress elements; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the assignor or any other person in the future (including the highest possible value of any contingent future consideration).

Notwithstanding the foregoing, except in the case where FRANCHISEE is a publicly-held corporation at the time it executes this Agreement, FRANCHISOR may withhold its consent to any public offering of stock or other securities to be issued by FRANCHISEE.

(3) Assignment to a Controlled Corporation or Limited Liability Company.

If FRANCHISEE is an individual and in the event that FRANCHISEE proposes to Transfer all of its interest to a corporation or limited liability company formed by FRANCHISEE solely for the convenience of ownership, FRANCHISOR's consent to such Transfer may be conditioned on the following requirements:

(a) The transferee corporation or limited liability company shall be newly organized and its articles, bylaws, and operating agreement, as applicable, shall provide that its activities are confined exclusively to developing and operating JOHNNY ROCKETS Restaurants;

(b) FRANCHISEE shall own not less than eighty percent (80%) of the voting stock and shall not diminish its proportionate interest in the transferee corporation, except as may be required by law, and its Owner shall act as its principal executive and operating officer;

(c) FRANCHISEE shall enter into an agreement, in a form satisfactory to FRANCHISOR, unconditionally guaranteeing the full payment and performance of the transferee corporation's obligations to FRANCHISOR;

(d) Each stock certificate or other evidence of ownership of the transferee corporation or limited liability company, as applicable, shall have conspicuously endorsed upon its face the substantially following legend (amended accordingly if a limited liability company):

> The transfer of this stock certificate is subject to the terms and conditions of one or more Franchise Agreements entered into with Johnny Rockets Licensing, LLC. Reference is made to the provisions of said Franchise Agreements and to the articles and bylaws of this corporation.

(e) Copies of transferee corporation's articles of incorporation or organization, as applicable, bylaws, operating agreement and other governing documents, as applicable, including the resolutions of the Board of Directors or Manger(s), as applicable, authorizing entry into or assumption of this Agreement, shall be promptly furnished to FRANCHISOR; and

(f) The name of transferee corporation or limited liability company shall not contain the name "Johnny Rockets" or contain the Marks or any colorable variation thereof or any other mark in which FRANCHISOR, its parent or affiliates has or claims a proprietary interest, without FRANCHISOR's prior written approval.

(4) **Other Agreements.** If FRANCHISOR consents to the Transfer of this Agreement, it shall also consent to the assignment of the lease for the Restaurant Site and any and all other agreements between FRANCHISOR and/or its parent and affiliates, and FRANCHISEE. In the event of Transfer of this Agreement, FRANCHISEE shall also assign all of its right, title and interest in and to the lease for the JOHNNY ROCKETS Restaurant and all other agreements for this JOHNNY ROCKETS Restaurant between FRANCHISEE and FRANCHISOR, its parent and affiliates, to the same transferee. Nothing in this paragraph shall affect FRANCHISOR's right to assume the obligations of the lease in the event of termination of this Agreement.

C. FRANCHISOR's Right of First Refusal

(1) If FRANCHISEE or its owners shall at any time decide to undertake any Transfer requiring FRANCHISOR's consent pursuant to Section 15.B, FRANCHISEE or its owners shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to FRANCHISOR. FRANCHISOR shall have the option, exercisable within thirty (30) days after receipt of such offer, or if FRANCHISOR requires further information, within thirty (30) days after FRANCHISOR receives such further information from FRANCHISEE, to purchase the same interests for the price and on the terms and conditions of the proposed sale as set forth in the offer submitted. If the offer received by FRANCHISEE involves assets in addition to this Agreement, the JOHNNY ROCKETS Restaurant, the Restaurant Site and FRANCHISEE's other Franchise Agreements for licensed JOHNNY ROCKETS Restaurants, the offer to FRANCHISOR shall state the cash value of that portion of the offer received by FRANCHISEE related to those agreements and restaurants and FRANCHISOR or its designee may exercise its purchase option by paying that cash value. The written offer shall specify the name and address of the proposed transferee, shall enclose a completed license application form from the proposed transferee, shall enclose proof

of the proposed transferee's financial ability to complete the purchase, shall set forth the price, terms, conditions and date and place of closing of the proposed sale and shall enclose copies of all offer and/or sales documents reflecting the terms of such proposed sale.

(2) If the offer received by FRANCHISEE provides for payment of consideration other than cash or it involves intangible benefits, FRANCHISOR or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by FRANCHISEE or the cash value of that portion of the offer received by FRANCHISEE relating to this Agreement, the Restaurant Site, the JOHNNY ROCKETS Restaurant and those other restaurants, this amount shall be determined by two professionally certified appraisers, FRANCHISEE selecting one and FRANCHISOR or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the reasonable equivalent in cash of the non-cash part of the offer received by FRANCHISEE. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and FRANCHISOR or its designee may exercise its right of first refusal within 60 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) Should FRANCHISOR not exercise this right and should the contemplated sale not be completed within one hundred twenty (120) days after FRANCHISOR has failed to exercise its option, or should the terms and conditions thereof be altered in any way, this right of first refusal shall be reinstated and any subsequent proposed sale, or the altered terms and conditions of the current transaction, must again be offered to FRANCHISOR in accordance with this Section 15.C.

(4) If a contemplated Transfer would have the effect of assigning more than twenty percent (20%) of the capital stock of a corporate franchisee, more than twenty percent (20%) of the membership interests of a limited liability company franchisee, or more than twenty percent (20%) of partnership interests of a partnership franchisee, FRANCHISOR shall have the option to purchase not only the interests being transferred but also the remaining interests so that its ownership will be one hundred percent (100%) of such capital stock, membership interests, or partnership interests. Any purchase of such remaining interests shall be valued on a basis proportionate to the price of the interests initially being offered.

(5) Should FRANCHISOR elect to exercise its right of first refusal, FRANCHISEE shall take all action necessary to cause his lease for the Restaurant Site to be assigned to FRANCHISOR in accordance with the terms of the lease agreement or the lease assignment agreement, as applicable, as set forth in Section 5 of this Agreement. The above provisions shall apply to both voluntary and involuntary dispositions or transfers.

D. Death or Disability of FRANCHISEE

(1) Notwithstanding Sections 15.B and 15.C, a Transfer to the surviving spouse and children of FRANCHISEE (collectively, "Successor Transferees") upon the death or permanent disability of FRANCHISEE or of a partner or shareholder owning more than twenty percent (20%) equity interest in FRANCHISEE shall not be subject to FRANCHISOR's right of first refusal or right to terminate for failure to obtain written approval, so long as the Successor Transferee: (a) within thirty (30) days of such death or permanent disability, satisfies FRANCHISOR, that he is qualified to act as a franchisee pursuant to this Section 15 and is approved in writing by FRANCHISOR, or retains an individual or entity to operate and manage the JOHNNY ROCKETS Restaurant who is so qualified and who is approved in writing by FRANCHISOR; and (b) performs all other applicable acts required under Section 15.B. Any other proposed Transfer resulting from the death or permanent disability of FRANCHISEE shall be subject to all of the terms and conditions in Sections 15.B and 15.C herein above.

(2) Any subsequent sale or other Transfer by a Successor Transferee shall be subject to FRANCHISOR's right of written approval set forth in this Section 15.D and the right of first refusal in favor of FRANCHISOR set forth in Section 15.C. A Transfer to a Successor Transferee shall not require the payment of the Transfer Fee.

(3) In the event FRANCHISOR does not approve the qualifications of any heir or beneficiary of FRANCHISEE to operate the JOHNNY ROCKETS Restaurant, the executor or administrator of FRANCHISEE's estate shall have a period of one hundred twenty (120) days following the date of such written disapproval to sell the JOHNNY ROCKETS Restaurant to a Successor Transferee acceptable to FRANCHISOR, subject to the provisions of Section 15.C of this Agreement, during which period FRANCHISOR may elect, at its option, to manage or operate such JOHNNY ROCKETS Restaurant. If such a sale is not concluded within that period, FRANCHISOR may terminate this Agreement.

(4) At any time prior to FRANCHISOR's approval of such Successor Transferee or other entity or individual designated by the Successor Transferee or sale of the JOHNNY ROCKETS Restaurant to a Successor Transferee acceptable to FRANCHISOR, FRANCHISOR may install FRANCHISOR's personnel or representatives to operate the JOHNNY ROCKETS Restaurant for such period of time as FRANCHISOR deems necessary. If FRANCHISOR deems it necessary to install any of its personnel or representatives to operate the JOHNNY ROCKETS Restaurant as provided for above, FRANCHISOR shall be reimbursed by the Successor Transferee or its assignee for all of FRANCHISOR's out-of-pocket expenses, including the wages of such personnel or representatives.

16. PROTECTION OF TRADEMARKS AND RELATED PROPRIETARY RIGHTS

A. Rights to the Johnny Rockets System and the Marks

(1) FRANCHISEE's rights to use the Marks as granted in Section 2 herein, and the Portal Solution or MenuLink, if FRANCHISEE so elects, are limited to their use in connection with the business operations of FRANCHISEE's JOHNNY ROCKETS Restaurant as described herein or as is reasonably prescribed in writing by FRANCHISOR from time to time.

(2) FRANCHISEE acknowledges FRANCHISOR's right, title and interest in and to the Marks and the MenuLink, along with the identification, schemes, standards, specifications, operating procedures and other concepts embodied in the Johnny Rockets System. Except as expressly provided by this Agreement, FRANCHISEE shall acquire no right, title or interest therein and any and all goodwill associated with the Johnny Rockets System and the Marks shall inure exclusively to FRANCHISOR's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the Johnny Rockets System or the Marks.

(3) FRANCHISEE agrees that it will not, at any time during the term of this Agreement or at any time thereafter: (a) use or attempt to use any or all portions of the Johnny Rockets System or of the Marks or any name or mark similar to the Marks in connection with any other entity or business in which he has an interest, direct or indirect, or as any part of the name of the entity operating a JOHNNY ROCKETS Restaurant, including any corporation, partnership or sole proprietorship; (b) directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof; or (c) permit any third party supplier to imprint the Marks on any products, materials, documents or supplies utilized by FRANCHISEE in connection with the operation of its JOHNNY ROCKETS Restaurant without first obtaining the consent of FRANCHISOR.

B. Notice of Claim and Reimbursement

(1) FRANCHISEE shall give immediate written notice to FRANCHISOR of any improper use of the Marks or any other trade name or service mark used by any third party that is confusingly similar to the Marks that comes to FRANCHISEE's attention. Upon receipt of written notification, FRANCHISOR may, at its option, elect to undertake and control the prosecution, defense or settlement of any legal action in connection with such improper usage or infringement. In connection therewith, FRANCHISEE shall assist FRANCHISOR in carrying out such action provided that FRANCHISOR will reimburse FRANCHISEE promptly for any expenses it incurs at FRANCHISOR's request, upon submission of proof of such expenses in form reasonably satisfactory to FRANCHISOR.

(2) FRANCHISEE shall immediately notify FRANCHISOR if any third party shall assert any challenge, claim or action against FRANCHISEE for infringement or unfair competition on account of FRANCHISEE's use of the Marks. FRANCHISOR will undertake and control the defense or settlement of such challenge, claim or action and reimburse FRANCHISEE promptly for all out-of-pocket expenses, and actual damages (other than loss of income), incurred by FRANCHISEE in connection therewith, upon submission of proof thereof in form reasonably satisfactory to FRANCHISOR; provided, however, that such obligations of FRANCHISOR to defend and reimburse FRANCHISEE will exist only if FRANCHISEE: (a) has used the Marks in strict accordance with the terms of this Agreement and the rules, regulations, procedures, requirements and instruction of FRANCHISOR; (b) has promptly notified FRANCHISOR of the challenge, claim and action as set forth above; and (c) has otherwise fully cooperated with FRANCHISOR in the defense of any such action.

C. Discontinued Use

If it becomes advisable at any time to modify or discontinue the use of any one or more of its Marks or to use one or more additional or substitute marks, FRANCHISEE agrees to immediately comply with the instructions of FRANCHISOR in that regard, including replacing sign faces and otherwise physically complying with this obligation.

D. Notice

FRANCHISEE agrees to utilize the required trademark, service mark or copyright notices in the form specified by FRANCHISOR in connection with his use of FRANCHISOR's trademarked and copyrighted items.

E. Trade Secrets

(1) FRANCHISOR possesses and continues to develop, and during the course of the relationship established hereunder, FRANCHISEE shall have access to, proprietary and confidential information, including, recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of developing, marketing and operating JOHNNY ROCKETS Restaurants, restaurants and other retail outlets featuring the sale of hamburgers, chili, malts, and related products ("Trade Secrets"). Certain of the Trade Secrets may be disclosed to FRANCHISEE in the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through the FRANCHISOR's training program and other guidance and management assistance, and in performing FRANCHISOR's other obligations and exercising FRANCHISOR's rights under this Agreement. "Trade Secrets" shall not include information which: (a) has entered the public domain or was known to FRANCHISEE prior to FRANCHISOR's disclosure of such information to FRANCHISEE, other than by the breach of an obligation of confidentiality owed (by anyone) to FRANCHISOR; (b) becomes known to FRANCHISEE from a source other than FRANCHISOR and other than by the breach of an obligation of confidentiality owed (by anyone) to FRANCHISOR; or (c) was independently developed by FRANCHISEE without the use or benefit of FRANCHISOR's Trade Secrets. The burden of proving the applicability of the foregoing will reside with FRANCHISEE.

(2) FRANCHISEE shall acquire no interest in the Trade Secrets other than the right to use them in connection with operating the JOHNNY ROCKETS Restaurant at the Restaurant Site pursuant to this Agreement. FRANCHISEE's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. FRANCHISEE shall: (a) not use the Trade Secrets in any business or other endeavor other than in connection with such JOHNNY ROCKETS Restaurant; (b) maintain absolute confidentiality of the Trade Secrets during and after this Agreement's term; (c) make no unauthorized copy of any portion of the Trade Secrets, including all or any part of the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral; and (d) operate and implement all reasonable procedures prescribed from time to time by FRANCHISOR to prevent unauthorized use and disclosure of the Trade Secrets, including restrictions limiting disclosure to certain employees and use of non-disclosure and non-competition provisions as FRANCHISOR prescribes in employment agreements with employees who may have access to the Trade Secrets. Promptly upon FRANCHISOR's request, FRANCHISEE shall deliver executed copies of such agreements to FRANCHISOR. The provisions of this Section 16.E. shall be in addition to and not in lieu of any other confidentiality obligation of FRANCHISEE, or any other person, whether pursuant to another agreement, or pursuant to applicable law.

(3) All ideas, concepts, techniques, or materials concerning the JOHNNY ROCKETS Restaurant, whether or not protectable intellectual property and whether created by or for FRANCHISEE or one of FRANCHISEE's owners or employees, must be promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR's sole and exclusive property, part of the System, and works made-for-hire for FRANCHISOR. To the extent any item does not qualify as a "work made-for-hire" for FRANCHISOR, FRANCHISEE must assign ownership of that item, and all related rights to that item, to FRANCHISOR and must take whatever action (including signing an assignment agreement or other documents) FRANCHISOR requests to show its ownership or to help FRANCHISOR obtain intellectual property rights in the item.

(4) For purposes of this Section 16.E only, "FRANCHISEE" shall mean and include the individual FRANCHISEE; FRANCHISEE's spouse and minor children and its Owners, officers and directors if FRANCHISEE is a corporation, limited liability company, partnership, trust or other entity, and FRANCHISEE shall, except as FRANCHISOR may otherwise agree, cause each such person to acknowledge and agree to be bound by the provisions this Section 16.E. The provisions of this Section 16.E shall not limit, restrain or otherwise affect any right or cause of action which may accrue to FRANCHISOR for any infringement of, violation of, or interference with, this Agreement, or FRANCHISOR's Marks, System, trade secrets, or any other proprietary aspects of FRANCHISOR's business.

F. Required Means of Identification; Non-Use of Trade Name

FRANCHISEE must operate and advertise its franchised JOHNNY ROCKETS Restaurant under the assumed business name "JOHNNY ROCKETS," without prefix or suffix. FRANCHISEE agrees, at its expense, to perform all filings and procure all required or necessary government approvals or registrations required to do business under that assumed business name; to comply with any instructions that FRANCHISOR gives it regarding the filing or maintenance of any trade name or fictitious business name registrations; to execute any documents FRANCHISOR or its counsel deem necessary to protect the Marks to maintain their continued validity and enforceability; and, upon request, to furnish to FRANCHISOR copies of all such filings, approvals and registrations. FRANCHISEE must never identify itself as an agent of FRANCHISOR. FRANCHISESE must conspicuously identify itself, its business or its franchised JOHNNY ROCKETS Restaurant as an independently owned and operated franchised JOHNNY ROCKETS Restaurant in all dealings with its customers, contractors, suppliers, public officials and members of the public, and in all advertising, promotion and marketing related to its business. FRANCHISEE agrees to place this notice of independent ownership in its JOHNNY ROCKETS Restaurant and any other facilities of its franchised JOHNNY ROCKETS Restaurant and on printed materials, business cards, stationery, marketing and advertising materials, signs and other written or electronic modes.

If FRANCHISEE is a business entity, it may not use FRANCHISOR's Marks, any portion or segment of FRANCHISOR's Marks or any confusingly similar words or symbols in FRANCHISEE's business entity's name. In particular, FRANCHISEE may not use the words "JOHNNY ROCKETS," or any segment or variant thereof as part of its business entity's name.

17. COVENANTS

A. Off-Site Operations

During the term of this Agreement and any renewal or extension thereof, FRANCHISEE shall not directly or indirectly use the Marks (except to advertise the JOHNNY ROCKETS Restaurant) or sell, dispense, give away or otherwise provide any food, goods, wares, merchandise or services, except at the JOHNNY ROCKETS Restaurant at the Restaurant Site, except that, with the prior approval of FRANCHISOR upon application by FRANCHISEE, FRANCHISEE may sell food and authorized merchandise at fairs, exhibits, parties and similar temporary venues away from the JOHNNY ROCKETS Restaurant which are at least three (3) miles (by the most direct surface route) from the site of another JOHNNY ROCKETS Restaurant.

B. In-Term Competition

During the term of this Agreement, neither FRANCHISEE nor any of its Owners, officers, or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by FRANCHISEE of another Johnny Rockets Restaurant or ownership of not more than five percent (5%) of the outstanding stock, voting and nonvoting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any business which sells hamburgers, chili, malts or related products as a significant aspect of its operation.

C. Post-Term Competition

For two (2) years following the termination or expiration of this Agreement, or upon the Transfer of this Agreement, neither FRANCHISEE nor its Owners, officers or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by FRANCHISEE of another Johnny Rockets Restaurant or ownership of not more than five percent (5%) of the outstanding stock, voting and non-voting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any business which sells hamburgers, fries, chili, shakes and malts or related products and the combined total of sales for all such products is greater than ten percent (10%) of the total sales for such business (1) within the county in which the JOHNNY ROCKETS Restaurant operated by FRANCHISEE hereunder is located, or (2) within an area within 25 miles from the Restaurant Site or any then-existing JOHNNY ROCKETS Restaurant, without FRANCHISOR's prior written consent. In applying for such consent, FRANCHISEE will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with FRANCHISOR or other franchisees or area developers of FRANCHISOR.

D. Modifications

The parties have attempted in Section 17.C above to limit FRANCHISEE's right to compete only to the extent necessary to protect FRANCHISOR from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 17.C is disputed at any time by FRANCHISEE, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under applicable law. In addition, FRANCHISOR reserves the right to reduce the

scope of either, or both, of said provisions without FRANCHISEE's consent, at any time or times, effective immediately upon notice to FRANCHISEE.

E. Employees of FRANCHISOR

FRANCHISEE shall not interfere with the employees, vendors and agents of FRANCHISOR in the performance of such employees', vendors' and agents' duties. FRANCHISEE further agrees that during the term of this Agreement, any renewal term or extension of this Agreement and for one (1) year thereafter, it will not employ or seek to employ any of FRANCHISOR's employees, vendors or agents, any employees, vendors or agents of FRANCHISOR's parent or affiliates, or any of FRANCHISOR's franchisees, for a period of at least one (1) year following the separation of any such employee from employment by FRANCHISOR or its parent or affiliates or the termination of an agency relationship with FRANCHISOR, its parent or affiliate, nor shall FRANCHISEE induce, contract or solicit in any manner whatsoever any such employee, vendor or agent during such period to leave such employment or affiliation.

In addition to the other rights and remedies provided herein and at law or in equity, and not in lieu thereof, in the event FRANCHISEE violates the provisions of this Section 17.E, FRANCHISEE shall pay to FRANCHISOR the sum of One Hundred Thousand Dollars ($100,000). Said payment shall be required only if FRANCHISEE knew or reasonably should have known after due diligence that the employee was or had been employed by FRANCHISOR, FRANCHISOR's parent, affiliates or other Franchisees. FRANCHISEE acknowledges that FRANCHISOR, FRANCHISOR's parent, affiliates and other franchisees have expended a substantial amount of time and money in the selection and training of their respective employees and agents and that FRANCHISOR, FRANCHISOR's parent, affiliates or other franchisees would suffer substantial loss and damage in the event FRANCHISEE violates such provisions. FRANCHISEE further agrees and acknowledges that this provision and the payment described herein is therefore reasonable under the circumstances existing as of the date of this Agreement.

18. RELATIONSHIP OF THE PARTIES

FRANCHISEE is and shall be an independent contractor under this Agreement. Neither FRANCHISEE nor any employee or agent of FRANCHISEE shall be deemed to be an employee, commercial agent or agent of any kind, of FRANCHISOR. Nothing contained in this Agreement shall be construed so as to create a partnership, joint venture, commercial or other agency, employment or fiduciary relationship of any kind, and neither party to this Agreement shall be liable for the debts or obligations of the other. Since FRANCHISEE acknowledges that it is an independent contractor and not an agent, FRANCHISEE shall not at any time attempt in any way to register this Agreement as agency contracts or itself as a commercial or other agent with a federal or municipal authority without the prior written consent of FRANCHISOR.

FRANCHISEE acknowledges and agrees, and will never contend otherwise, that it alone will exercise day-to-day control over all operations, activities and elements of its franchised JOHNNY ROCKETS Restaurant and that under no circumstance shall FRANCHISOR do so or be deemed to do so. FRANCHISEE further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which it is required to comply with under this Agreement, whether set forth in FRANCHISOR's Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that FRANCHISOR controls any aspect or element of the day-to-day operations of FRANCHISEE's JOHNNY ROCKETS Restaurant, which FRANCHISEE alone controls, but only constitute standards FRANCHISEE must adhere to when exercising its control of the day-to-day operations of its franchised JOHNNY ROCKETS Restaurant.

FRANCHISEE may not, without FRANCHISOR's prior written approval, have any power to obligate FRANCHISOR for any expenses, liabilities or other obligations, other than as specifically provided in this

Agreement. Except as expressly provided in this Agreement, FRANCHISOR may not control or have access to FRANCHISEE's funds or the expenditure of FRANCHISEE's funds or in any other way exercise dominion or control over FRANCHISEE's JOHNNY ROCKETS Restaurant. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between FRANCHISOR and FRANCHISEE is other than that of franchisor and franchisee. FRANCHISOR does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by FRANCHISEE which are not expressly authorized under this Agreement. FRANCHISOR will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to FRANCHISEE's operation of the franchised JOHNNY ROCKETS Restaurant.

FRANCHISEE hereby irrevocably affirms, attests and covenants its understanding that FRANCHISEE'S employees are employed exclusively by FRANCHISEE and in no fashion is any such employee either employed, jointly employed or co-employed by FRANCHISOR. FRANCHISEE further affirms and attests that each of its employees is under the exclusive dominion and control of FRANCHISEE and never under the direct or indirect control of FRANCHISOR in any fashion whatsoever. FRANCHISEE alone hires each of its employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). FRANCHISEE alone has the ability to discipline or terminate its employees to the exclusion of FRANCHISOR, which has no such authority or ability. FRANCHISEE further attests and affirms that any minimum requirements established by FRANCHISOR are solely for the purpose of ensuring that FRANCHISEE's JOHNNY ROCKETS Restaurant is at all times operated at those levels necessary to operate FRANCHISEE's JOHNNY ROCKETS Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other JOHNNY ROCKETS brand attributes known to and desired by the consuming public and associated with the Marks. FRANCHISEE also affirms and attests that any recommendations it may receive from FRANCHISOR regarding salaries, hourly wages or other compensation for its employees are recommendations only, designed to assist FRANCHISEE to efficiently operate its JOHNNY ROCKETS Restaurant, and that FRANCHISEE is entirely free to disregard FRANCHISOR's recommendations regarding such employee compensation. Moreover, FRANCHISEE affirms and attests that any training provided by FRANCHISOR for FRANCHISEE's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a JOHNNY ROCKETS Restaurant and in no fashion reflects any employment relationship between FRANCHISOR and such employees. Finally, should it ever be asserted that FRANCHISOR is the employer, joint employer or co-employer of any of FRANCHISEE's employees in any private or government investigation, action, proceeding, arbitration or other setting, FRANCHISEE irrevocably agrees to assist FRANCHISOR in defending said allegation, including (if necessary) appearing at any venue requested by FRANCHISOR to testify on FRANCHISOR's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that FRANCHISOR is the employer, joint employer or co-employer of any of FRANCHISEE's employees).

19. DEFAULT

FRANCHISEE's failure to timely cure any breach of its obligation to make payments of Weekly Royalty Fees, Weekly Marketing Fees, or any other monies due and owing to FRANCHISOR or FRANCHISOR's affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by FRANCHISEE, in either instance following FRANCHISOR's notice to FRANCHISEE that it has committed a breach of this Agreement and granting FRANCHISEE an opportunity to cure said breach, will be irrevocably deemed to constitute FRANCHISEE's unilateral rejection and termination of this Agreement and all related agreements between FRANCHISEE and FRANCHISOR or FRANCHISOR's affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from FRANCHISOR, and FRANCHISEE shall never contend or complain otherwise.

A. Termination Without Cure Period

In addition to the grounds for termination that may be stated elsewhere in this Agreement, FRANCHISEE will have materially breached this Agreement and FRANCHISOR may, at its option, terminate this Agreement and all rights granted under this Agreement, without giving FRANCHISEE any opportunity to cure the breach, effective immediately upon FRANCHISEE's receipt of notice (which, whether sent by overnight courier, personal physical delivery or any other manner authorized by Section 21 below, will be deemed to have been received by FRANCHISEE upon delivery or first attempted delivery of the notice to FRANCHISEE) upon the occurrence of any of the following events:

(1) FRANCHISEE's failure to submit a site proposal package with an acceptable Restaurant Site to FRANCHISOR within thirty (30) days after the Effective Date;

(2) FRANCHISEE's failure to enter into an approved lease for an approved Restaurant Site within sixty (60) days after the Site Approval Date, on terms and conditions satisfactory to FRANCHISOR, including the lease provisions required as set forth in Section 5.A.;

(3) FRANCHISEE's failure to obtain FRANCHISOR's approval of and submit the approved Working Drawings to the appropriate governmental agency within ninety (90) days after FRANCHISEE's execution of an approved lease;

(4) FRANCHISEE's failure to obtain a permit and commence construction of its JOHNNY ROCKETS Restaurant within one hundred twenty (120) days after FRANCHISEE's submittal of approved Working Drawings to the appropriate governmental agency;

(5) FRANCHISEE's failure to complete all necessary construction and fixturization of its JOHNNY ROCKETS Restaurant and open for business to the public within one hundred twenty (120) days after starting construction of a Restaurant;

(6) FRANCHISEE's or any of its managerial personnel's failure to satisfactorily complete FRANCHISOR's initial training program in accordance with the provisions of Section 8.A.(1) of this Agreement;

(7) There is a material breach of any obligation under Section 17 of this Agreement;

(8) The attachment of any involuntary lien in the sum of Five Thousand Dollars ($5,000) or more upon any of the business assets or property of FRANCHISEE, which lien is not promptly removed or bonded in full;

(9) FRANCHISEE's use of products similar or equivalent to the Proprietary Products other than the Proprietary Products supplied by FRANCHISOR or its affiliates or approved suppliers, distributors or vendors without FRANCHISOR's written approval;

(10) FRANCHISEE fails to make menu items in compliance with FRANCHISOR's specifications, recipes, and requirements;

(11) FRANCHISEE fails to maintain an adequate inventory of products, supplies, and materials sufficient to satisfy customer demand;

(12) FRANCHISEE, without first obtaining FRANCHISOR's consent, sells, dispenses, or gives away FRANCHISOR's products, by means other than retail sales;

(13) FRANCHISEE fails to maintain a representative inventory of articles of clothing, souvenirs, and other novelty items as specified by FRANCHISOR;

(14) Any attempted Transfer in violation of Section 15 of this Agreement;

(15) Any material misrepresentation by FRANCHISEE relating to its acquisition of the license for the JOHNNY ROCKETS Restaurant or conduct by FRANCHISEE which reflects materially and unfavorably upon the operation and reputation of FRANCHISOR, the JOHNNY ROCKETS Restaurant or the Johnny Rockets System;

(16) The JOHNNY ROCKETS Restaurant or Restaurant Site of FRANCHISEE are seized, taken over or foreclosed by a government official in the exercise of his duties, or by a creditor, lienholder or lessor, as a final judgment against FRANCHISEE remains unsatisfied for thirty (30) days (unless a superseder or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the JOHNNY ROCKETS Restaurant and it is not discharged within five (5) days of such levy;

(17) FRANCHISEE, FRANCHISEE's manager and/or, if FRANCHISEE is a business entity, any owner, member, shareholder, director or manager (as applicable) of such entity is convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which FRANCHISOR reasonably believe is related to FRANCHISEE's operation of the franchised JOHNNY ROCKETS Restaurant, or is likely to have an adverse effect on the System, the Marks, the goodwill associated with the Marks or FRANCHISOR's interest in the System or Marks;

(18) FRANCHISEE, or any of its Owners, make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for FRANCHISEE or the Restaurant.

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

(20) FRANCHISOR makes a determination that the continued operation of the JOHNNY ROCKETS Restaurant by FRANCHISEE will result in immediate danger to public or employee health or safety;

(21) FRANCHISEE, an affiliate or any Owner remains in default beyond the applicable cure period under any other agreement with FRANCHISOR or its affiliates (provided that, if the default is not by FRANCHISEE, FRANCHISEE is given written notice of the default and a thirty (30) day period to cure the default);

(22) FRANCHISEE's failure to perform or observe any provision of the lease for the Restaurant Site or the termination of the lease or sublease pertaining to the Restaurant Site (except if FRANCHISEE enters into a new lease or sublease for the Restaurant Site), together with FRANCHISEE's failure or inability to locate and commence without interruption operation of the JOHNNY ROCKETS Restaurant at suitable replacement premises satisfactory to FRANCHISOR prior to the effective date of such termination of the lease;

(23) As more specifically described in Section 14.B herein, FRANCHISEE understates by one and a quarter percent (1.25%) or more its Weekly Gross Sales in three (3) or more reports during any twelve (12) month period;

(24) FRANCHISEE's failure, for a period of ten (10) days after receipt of notification, to comply with any federal, state or local laws or regulations applicable to the operation of the JOHNNY ROCKETS Restaurant;

(25) FRANCHISEE's abandonment of the JOHNNY ROCKETS Restaurant by failure to operate same for three (3) consecutive days or any shorter period by which FRANCHISOR reasonably concludes that FRANCHISEE does not intend to continue to operate the JOHNNY ROCKETS Restaurant, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond FRANCHISEE's control;

(26) FRANCHISEE knowingly conceals revenues; maintains false books or records; falsifies information or otherwise defrauds or make false representations to FRANCHISOR; or, submits any substantially false report to FRANCHISOR;

(27) FRANCHISEE refuses FRANCHISOR permission to inspect, or to conduct an operational and/or financial audit of the JOHNNY ROCKETS Restaurant;

(28) FRANCHISEE interferes or attempts to interfere in any manner with FRANCHISOR's contractual relations and/or FRANCHISOR's relationships with FRANCHISOR's other franchisees; any supplier of FRANCHISEE, FRANCHISOR or other franchisees; any governmental or quasi-governmental authority; FRANCHISEE's or FRANCHISOR's customers, employees or advertising agencies; or, any third parties;

(29) FRANCHISEE repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice;

(30) FRANCHISEE breaches the provisions of this Agreement relating to advertising standards; or

(31) FRANCHISEE purchases any proprietary programs, products or services from FRANCHISOR or its affiliates, or purchase from FRANCHISOR, its affiliates or any third party non-proprietary goods, programs, products or services pursuant to a systemwide supply contract we negotiate, and FRANCHISEE uses, diverts, sells or otherwise exploits such programs, products or services for the benefit of any other individual, entity or business.

B. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 19.A, FRANCHISEE shall have (i) five (5) business days for a monetary default, or (ii) fifteen (15) calendar days for a non-monetary default, after receipt of written notice of default from FRANCHISOR in which to remedy the default and provide evidence of that remedy to FRANCHISOR. If any such default is not cured within that time, this Agreement shall terminate without further notice to FRANCHISEE effective immediately upon expiration of that time, unless FRANCHISOR notifies FRANCHISEE otherwise in writing. Such non-monetary defaults for which FRANCHISEE shall have fifteen (15) calendar days to cure include, but are not limited to, the following:

(a) FRANCHISEE fails to maintain its trade accounts in a current status and/or fails to seek to promptly resolve any disputes with trade suppliers;

(b) FRANCHISEE engages in any business, or market any program, product or service, under a name or mark which, in FRANCHISOR's opinion, is confusingly similar to the Marks;

(c) FRANCHISEE fails to pay any taxes due and owing by its franchised JOHNNY ROCKETS Restaurant (including employee taxes) when due;

(d) FRANCHISEE does not use FRANCHISOR's Marks and/or trade dress solely in the manner and for the purposes directed by FRANCHISOR in this Agreement, FRANCHISOR's Manuals or otherwise;

(e) FRANCHISEE does not indemnify FRANCHISOR and/or one of the parties as required by this Agreement;

(f) FRANCHISEE fails to operate its franchised JOHNNY ROCKETS Restaurant during the days and hours specified in FRANCHISOR's Manuals without FRANCHISOR's prior written approval;

(g) FRANCHISEE fails to maintain and operate its franchised JOHNNY ROCKETS Restaurant in a good, clean and sound manner and in strict compliance with FRANCHISOR's standards for quality, cleanliness and maintenance as set forth in FRANCHISOR's Manuals or otherwise;

(h) FRANCHISEE does not devote the amount of its time and attention and/or its best efforts to the performance of its duties of this Agreement necessary for the proper and effective operation of its franchised JOHNNY ROCKETS Restaurant; or

(i) FRANCHISEE fails to implement (and, at its expense, take all steps necessary to implement) and thereafter adhere to any new or changed System requirements or otherwise fails to remodel, renovate or modernize as required by this Agreement.

(2) Notwithstanding the preceding Section 19.B.(1), with respect to the defaults identified in this Section 19.B.(2) below, FRANCHISEE shall have the cure period identified with respect to each default after receipt of written notice of default from FRANCHISOR in which to remedy the default and provide evidence of that remedy to FRANCHISOR or this Agreement will terminate immediately upon expiration of that time unless FRANCHISOR notifies FRANCHISEE otherwise in writing:

(a) FRANCHISEE's failure to promptly pay any sum due by virtue of this Agreement, including Weekly Royalty Fees and Weekly Marketing Fees and payments to any suppliers within five (5) business days of the date due;

(b) FRANCHISEE's failure to operate its JOHNNY ROCKETS Restaurant in compliance with the terms of this Agreement, including the provisions of Section 17.E above, the Manuals, or any quality or operations standards or guidelines issued in writing by FRANCHISOR from time to time which failure is not corrected within five (5) business days after notice to FRANCHISEE of such failure;

(c) FRANCHISEE's failure to cure a default under this Agreement, which materially impairs the goodwill associated with the Marks, after delivery of written notice to cure at least twenty-four (24) hours in advance thereof;

(d) FRANCHISEE's failure to correct or repair any defects, deficiencies or unsatisfactory conditions discovered at the JOHNNY ROCKETS Restaurant by FRANCHISOR's personnel within ten (10) days of being advised of same; or

(e) FRANCHISEE's failure to attend FRANCHISOR's Franchise Conference.

(3) Notwithstanding the foregoing, if any breach or defect cannot be cured within the applicable time period, this Agreement shall not be deemed terminated if FRANCHISEE shall give FRANCHISOR written notice of such fact and commence the cure of such breach or defect within the applicable time period and diligently prosecute such cure to completion. FRANCHISOR shall have the right to reject any such notice if, in FRANCHISOR's reasonable judgment, the breach or defect specified is capable of being cured within the applicable period.

(4) FRANCHISEE acknowledges and agrees that complete performance of all the terms of this Agreement is necessary for the protection of FRANCHISOR, the Johnny Rockets System and the Marks and that complete and exact performance by FRANCHISEE of each of his promises contained herein is a condition to the continuance of this license. If FRANCHISEE has received two or more notices of default within the previous 12 months, FRANCHISOR shall be entitled to send FRANCHISEE a notice of termination upon FRANCHISEE's next default within that 12 month period under this Section 19.B without providing FRANCHISEE an opportunity to remedy the default.

C. Notwithstanding the provisions described in this Section 19, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the JOHNNY ROCKETS Restaurant and/or the parties to this Agreement limits FRANCHISOR's rights of termination under this Agreement or requires different or longer notice periods than those set forth herein, Section 19 is deemed amended to conform to the minimum notice periods or restrictions upon termination required by such rules and regulations. FRANCHISOR shall not however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of this Agreement.

D. Obligations upon Termination or Expiration of this Agreement

If this Agreement expires or terminates for any reason or is assigned by FRANCHISEE, FRANCHISEE will cease to be one of FRANCHISOR's authorized franchisees and FRANCHISEE will lose all rights to the use of FRANCHISOR's Marks, the System, all Confidential Information and know-how owned by FRANCHISOR and any goodwill (including "local" goodwill) engendered by the use of FRANCHISOR's Marks and/or attributed to FRANCHISEE's conduct of the franchised JOHNNY ROCKETS Restaurant.

Upon expiration or earlier termination of this Agreement for whatever reason:

(1) FRANCHISEE shall immediately pay FRANCHISOR and its affiliates all sums due and owing FRANCHISOR or its affiliates pursuant to this Agreement;

(2) FRANCHISEE shall discontinue the use of the Marks, and cease to operate the JOHNNY ROCKETS Restaurant under any name or in any manner which might tend to give the general public the impression that FRANCHISEE is operating a JOHNNY ROCKETS Restaurant or any similar business. FRANCHISEE may not use, in any manner or for any purpose, directly or indirectly, any of FRANCHISOR's Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by FRANCHISEE by virtue of the relationship established by this Agreement. FRANCHISEE may never identify itself to the public in any fashion whatsoever as a current or former JOHNNY ROCKETS, franchisee;

(3) FRANCHISEE shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures and techniques associated with the Johnny Rockets System or which display the Marks or any other distinctive forms, slogans, signage, seating system, flooring materials, nostalgia package, symbols or devices associated with or belonging to FRANCHISOR;

(4) FRANCHISEE shall remove all Trademark and Trade Dress items and make such modifications or alterations to the Restaurant Site operated hereunder (including the changing of all telephone numbers and other communication equipment listings), including the improvements thereon, as may be necessary or as specified by FRANCHISOR from time to time in order to prevent the operation of any business on the Restaurant Site which might be deemed substantially similar to that of FRANCHISOR or any other franchisee of FRANCHISOR. All removal, modifications and alterations required under this Agreement shall be referred to collectively as "De-identifying" the Restaurant Site. All De-identifying must be completed by FRANCHISEE within 7 days after the termination or expiration of this Agreement. FRANCHISOR, however, may waive this provision in the case where FRANCHISOR exercises its option to obtain an assignment of the lease or otherwise takes over the Restaurant Site. In the event FRANCHISEE fails or refuses to comply with the requirements of this Section by properly De-identifying the Restaurant Site, FRANCHISOR shall have the right, without affecting its other rights at law or in equity (and is hereby authorized by FRANCHISEE), to enter upon FRANCHISEE's business premises in such a way so as to not constitute a breach of the peace, without being guilty of or liable for trespass or any other tort, for the purpose of De-identifying the Restaurant Site, all at the expense of FRANCHISEE;

(5) FRANCHISEE shall turn over to FRANCHISOR the Manuals and all copies of all forms, records, files, instructions, correspondence, agreements, menus and any and all other materials relating to the JOHNNY ROCKETS Restaurant operated hereunder in FRANCHISEE's possession and all copies thereof (all of which are hereby acknowledged to be FRANCHISOR's sole property);

(6) FRANCHISEE shall transfer to FRANCHISOR all telephone numbers utilized by FRANCHISEE in the operation of its JOHNNY ROCKETS Restaurant;

(7) FRANCHISEE and all persons and entities subject to the covenants contained in Section 17 of this Agreement shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants;

(8) FRANCHISEE shall not, except with respect to a restaurant franchised by FRANCHISOR or its affiliates which is then open and operating pursuant to an effective Franchise Agreement: (a) operate or do business under any name or in any manner that might tend to give the public the impression that FRANCHISEE is connected in any way with FRANCHISOR or its affiliates or has any right to use the System or the Marks; (b) make, use or avail itself of any of the materials or information furnished or disclosed by FRANCHISOR or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (c) assist anyone not licensed by FRANCHISOR or its affiliates to construct or equip a foodservice outlet substantially similar to a JOHNNY ROCKETS Restaurant;

(9) FRANCHISEE shall take all necessary action to cancel any assumed name or equivalent registration which contains the Mark "JOHNNY ROCKETS", or any other Mark of FRANCHISOR, or any variant, within fifteen days following termination or expiration of this Agreement. If FRANCHISEE fails or refuses to do so, FRANCHISOR may, in FRANCHISEE's name, on FRANCHISEE's behalf and at FRANCHISEE's expense, execute all documents necessary to cause discontinuance of FRANCHISEE's use of the name "JOHNNY ROCKETS", or any related name used under this Agreement. FRANCHISEE irrevocably appoints FRANCHISOR as its attorney-in-fact to do so;

(10) If FRANCHISOR terminates this Agreement because of FRANCHISEE's default or FRANCHISEE terminates same through failure to make payment following notice and opportunity to cure, FRANCHISEE must pay FRANCHISOR all losses and expenses FRANCHISOR incurs as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to FRANCHISOR's Marks and reputation, travel and personnel costs and the cost of securing a successor franchised JOHNNY ROCKETS Restaurant at the Restaurant Site. This obligation will give rise to and remain, until paid in full, a lien in FRANCHISOR's favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by FRANCHISEE or the franchised JOHNNY ROCKETS Restaurant at the time of termination and against any of FRANCHISEE's money which FRANCHISOR is holding or which is otherwise in FRANCHISOR's possession;

(11) FRANCHISEE shall immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner;

(12) FRANCHISEE shall continue to abide by those restrictions pertaining to the use of FRANCHISOR's Confidential Information, trade secrets and know-how set forth in Section 16 of this Agreement; and

(13) FRANCHISEE shall immediately surrender all computer software, data storage disks or tapes and other electronic media used in the operation of the franchised JOHNNY ROCKETS Restaurant, printouts, and other information pertaining to computer operations, codes, procedures and programming. FRANCHISEE agrees not to destroy, damage, hide or take any steps to prevent FRANCHISOR from obtaining any information which FRANCHISEE had stored in the computer system of the franchised JOHNNY ROCKETS Restaurant. FRANCHISEE agrees not to retain any printouts, disks, tapes or other electronic media containing any of the programs or data stored in the computer system.

E. Monetary Obligations

In the event of termination, FRANCHISOR may retain all fees paid pursuant to this Agreement. In addition, all obligations of FRANCHISOR to FRANCHISEE and all rights of FRANCHISEE under this Agreement shall automatically terminate. However, any obligations of FRANCHISEE to take, or abstain from taking, any action upon termination pursuant to this Agreement shall not be affected by such termination, including the payment to FRANCHISOR of all sums due from FRANCHISEE at the time of termination.

F. FRANCHISOR's Assumption of Restaurant Site

(1) Upon termination, expiration or refusal to renew or extend the term of this Agreement, whether by FRANCHISOR or FRANCHISEE, FRANCHISOR will be entitled, at its sole option, to elect to continue to operate the JOHNNY ROCKETS Restaurant for a temporary period selected by FRANCHISOR, not to exceed six (6) months ("Temporary Operating Period"). During the Temporary Operating Period, FRANCHISOR shall pay all of FRANCHISEE'S normal operating expenses, including the payment of current rent and other charges due under the lease for the JOHNNY ROCKETS Restaurant arising during the Temporary Operating Period, and salaries of employees working in the JOHNNY ROCKETS Restaurant which accrued while FRANCHISOR operates the JOHNNY ROCKETS Restaurant.

(2) If FRANCHISOR elects to temporarily operate the JOHNNY ROCKETS Restaurant pursuant to Section 19.F.(1) above, on or prior to the expiration of the Temporary Operating Period FRANCHISOR will be further entitled, at its sole option, to assume FRANCHISEE'S executory obligations under the real estate and equipment leases applicable to the JOHNNY ROCKETS Restaurant and to exercise the purchase option described in Section 19.G below. Upon FRANCHISOR exercising the option to permanently

operate the JOHNNY ROCKETS Restaurant, FRANCHISOR shall use reasonable efforts to secure the release and discharge of FRANCHISEE from any executory obligations under the real estate and equipment leases for the JOHNNY ROCKETS Restaurant or shall hold FRANCHISEE harmless from future rents, future lease charges and all other future liabilities under the applicable leases.

(3) FRANCHISOR may exercise either the option described in Section 19.F.(1) or (2), if at all, by delivering written notice to FRANCHISEE. Nothing in this Section 19.F shall obligate FRANCHISOR to assume or be responsible for any indebtedness, liability or obligation due or accrued prior to the time FRANCHISOR assumed direct control over the operation of the JOHNNY ROCKETS Restaurant, whether related to the real estate or equipment leases, for salaries, taxes, goods or services or otherwise.

(4) If the Restaurant Site is owned by FRANCHISEE and FRANCHISOR shall exercise either the option described in Section 19.F.(1) or (2) above, FRANCHISEE shall lease the Restaurant Site to FRANCHISOR upon the same terms and conditions that like properties for like uses are then being leased in the vicinity of the Restaurant Site for a term selected by FRANCHISOR during the Temporary Operating Period and, if FRANCHISOR exercises the option to continue operating the JOHNNY ROCKETS Restaurant after the end of the Temporary Operating Period, for a term designated by FRANCHISOR not to exceed the lesser of ten (10) years or the then unexpired portion of the term and all renewals of the Franchise Agreement (as if it was not terminated early).

G. Right to Purchase

(1) FRANCHISOR shall, within thirty (30) days following the expiration or termination of this Agreement for any reason, have the option to purchase all or any portion of the assets of FRANCHISEE's JOHNNY ROCKETS Restaurant and any other materials, equipment or supplies bearing FRANCHISOR's Marks. FRANCHISOR's purchase price for the portion of FRANCHISEE's inventory or supplies purchased directly from FRANCHISOR shall be at FRANCHISEE's cost. FRANCHISOR's purchase price for all of the remaining inventory, equipment, parts, fixtures and furnishings utilized by FRANCHISEE in the operation of its JOHNNY ROCKETS Restaurant shall be the fair wholesale market value thereof. In addition, FRANCHISOR shall be permitted to deduct and withdraw from the purchase price to be paid to FRANCHISEE for any such items all sums due and owing FRANCHISOR. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

(2) If the parties are unable to reach agreement as to the fair market value of the assets of FRANCHISEE's JOHNNY ROCKETS Restaurant to be purchased by FRANCHISOR, the parties hereby agree to appoint an appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If the parties are unable to decide upon an appraiser, the matter is to be submitted to arbitration in the manner prescribed in Section 20.B.

H. Cross Default

Any default or breach by FRANCHISEE, FRANCHISEE's affiliates and/or any guarantor of FRANCHISEE of the Lease or Sublease for the Restaurant Site or any other agreement between FRANCHISOR or its affiliates and FRANCHISEE and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by FRANCHISEE and/or such other parties will be deemed a default or breach under any and all such other agreements between FRANCHISOR or its affiliates and FRANCHISEE, its affiliates and/or any guarantor of FRANCHISEE. If the nature of the default under any other agreement would have permitted FRANCHISOR (or its affiliate) to terminate this Agreement if the default had occurred under this Agreement, then FRANCHISOR will have the right to terminate all such other agreements in the same

manner provided for in this Agreement for termination hereof. FRANCHISEE's "affiliates" means any persons or entities controlling, controlled by or under common control with FRANCHISEE.

20. ENFORCEMENT

A. Injunction

FRANCHISOR shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) FRANCHISEE's use of the Marks; (2) FRANCHISEE's preparation and distribution of products at its JOHNNY ROCKETS Restaurant; (3) the construction and equipping of the JOHNNY ROCKETS Restaurant; (4) the obligations of FRANCHISEE upon termination or expiration of this Agreement; (5) a Transfer of this Agreement, any ownership interest therein or in the lease for the Restaurant Site; (6) as necessary to prohibit any act or omission by FRANCHISEE or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to FRANCHISOR and/or FRANCHISOR's other franchisees; (7) a food, safety or health problem; and (8) enforcement of the provisions of Section 16.E.

B. Arbitration

Except as otherwise provided in this Agreement, and except for claims of promissory fraud, FRANCHISEE and FRANCHISOR agree that any claim, controversy or dispute arising out of or relating to this Agreement (and exhibits) including those occurring subsequent to the termination or expiration of this Agreement shall, except as specifically set forth herein and in Section 20.A above, be referred to arbitration in accordance with the rules of arbitration of the American Arbitration Association (or any successor thereto), as amended and The Federal Arbitration Act, 9 U.S.C.A. Section 1 – 14 shall apply. If such rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control.

(1) Selection of Panel. Each party shall select one (1) qualified arbitrator and the two (2) arbitrators shall select a third qualified arbitrator. Failing selection of an arbitrator by either party, or by the two (2) selected by the parties, the additional arbitrator(s) who have not yet been selected shall be selected by the American Arbitration Association or any successor thereof.

(2) Qualifications of Arbitrators. Each arbitrator must meet or exceed each of the following criteria, or in the event no such arbitrator is available, the parties shall select an arbitrator that meets or exceeds as many of the following criteria as possible:

(a) (i) forty (40) years of age; (ii) five (5) years experience as corporate officer or area supervisor (or similar position) for a multi-unit restaurant or chain having annual system wide gross sales in excess of One Hundred Million Dollars ($100,000,000) for its past two (2) fiscal years, ("Qualified JOHNNY ROCKETS Restaurant Position"); and (iii) employed in a Qualified JOHNNY ROCKETS Restaurant Position within last twenty-four (24) months, or

(b) ten (10) years of legal experience with the majority of their practice in franchise law.

(3) Rules. The arbitration proceeding shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association where such rules are not inconsistent with the provisions of this Section and the following supplemental rules:

(a) Location of Arbitration: The arbitration shall be administered by the American Arbitration Association office nearest to FRANCHISOR's principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which FRANCHISOR's principal offices are located at that time.

(b) Time Periods:

(i) Appointment Of Arbitrators By Parties: Thirty (30) days from Notice of Arbitration.

(ii) Appointment Of Third Arbitrator: Thirty (30) days from appointment of first two (2) arbitrators by the parties.

(iii) Initial Hearing: Thirty (30) days from appointment of third arbitrator.

(iv) Deadline For Decision Of Arbitrators: Thirty (30) days from conclusion of hearing.

(c) Discovery. There shall be no discovery except as follows. Each side may take five (5) depositions. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration. Each party is responsible for the expenses of any witnesses that it calls. Each party shall have the right to subpoena witnesses and documents for the arbitration.

(d) Expenses. The expenses of the arbitration proceeding shall be borne by the losing party.

(e) Binding Effect of Award. The arbitration shall be final and binding upon the parties and judgment upon an award rendered by the Arbitrator may be entered in any court of competent jurisdiction.

(f) Prosecution of Claims: All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of FRANCHISEE and FRANCHISOR, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other franchisee.

(g) Limitation on Damages: The arbitrators shall have no power or authority to grant punitive or exemplary damages as part of its award.

C. FRANCHISOR's Withholding of Consent – FRANCHISEE's Exclusive Remedy

In no event may FRANCHISEE make any claim for money damages based on any claim or assertion that FRANCHISOR has unreasonably withheld or delayed any consent or approval under this Agreement. FRANCHISEE waives any such claim for damages. FRANCHISEE may not claim any such damages by way of setoff, counterclaim or defense. FRANCHISEE's sole remedy for the claim will be an action or proceeding to enforce this Agreement's provisions, for specific performance or for declaratory judgment.

21. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to:

FRANCHISOR: JOHNNY ROCKETS LICENSING, LLC
2 South Pointe Drive, Suite 200
Lake Forest, California 92630-2299
Attn: Vice President, Franchise Operations
Facsimile Number: (866) 209-9523

FRANCHISEE: [FRANCHISEE'S NAME]
Address
City, ST Zip
Attn: Name
Facsimile Number: (XXX) XXX-XXXX
E-mail Address:

Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt or first rejection and may be: (1) delivered personally; (2) transmitted by facsimile to the number(s) set forth above with electronic confirmation of receipt; (3) mailed in the United States mail postage prepaid, certified mail, return receipt requested; (4) mailed via overnight courier; or (5) sent electronically via e-mail, provided an original hardcopy is promptly delivered in a manner described in Sub-sections (1), (3) or (4) above.

22. MISCELLANEOUS

A. Further Acts

The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

B. Heirs and Successors

This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

C. Entire Agreement

FRANCHISEE and FRANCHISOR acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement and all Exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all other prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. This Agreement may not be modified except by a written instrument signed by the parties to this Agreement.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that

are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

D. Waiver

Failure by either party to enforce any rights under this Agreement shall not be construed as waiver of such rights. Any waiver, including waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by FRANCHISOR from FRANCHISEE shall not constitute a waiver of any default except as to the payment of the particular payment or performance so received.

E. Headings and Table of Contents

The headings and table of contents used herein are for purposes of convenience only and shall not be used in construing the provisions of this Agreement.

F. Effectiveness

The submission of this Agreement does not constitute an offer of a franchise and this Agreement shall become effective only upon execution thereof by FRANCHISOR and FRANCHISEE. Each of the parties hereto represents to the other that it has the power and authority to enter into this Agreement and perform its obligations hereunder.

G. Third Parties

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party shall have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of any such provision.

H. Attorneys' Fees, Costs and Expenses

If either party commences any legal action or arbitration against the other party arising out of or in connection with this Agreement, the prevailing party, as determined by the court or arbitrator(s) having jurisdiction over such action or arbitration, shall be entitled to have and recover from the other party its costs and expenses, including, but not limited to reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court and arbitration costs, litigation and arbitration expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of the proceeding. If FRANCHISOR utilizes legal counsel (including in-house counsel employed by FRANCHISOR) 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 FRANCHISOR. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

I. Governing Law

Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the state in which the Franchisee's JOHNNY ROCKETS Restaurant is located without regard to conflicts of laws principles. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portion and unless substantial performance of this Agreement is frustrated by any such invalidity, this

Agreement shall continue in effect. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, FRANCHISEE waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

J. Venue

Any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties that is not subject to arbitration under Section 20, must be brought in State or federal court located nearest to FRANCHISOR's principal offices at the time the action, claim, suit or demand is made. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this paragraph will survive termination of this Agreement. FRANCHISEE is aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

K. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

L. Severability

In the event that any term or provision in this Agreement is held to be invalid, void, illegal or unenforceable in any respect, the Agreement shall not fail, but shall be deemed amended to delete the void or unenforceable term or provision and the remainder of this Agreement shall be enforced in accordance with its terms and shall not in any way be affected or impaired thereby. In the event that any term or provision of this Agreement is held to be unreasonable, the same shall not fail, but shall be deemed amended only to the extent necessary to render it reasonable and the parties agree to be bound by the same as thus amended.

M. Force Majeure

Provided that the parties hereto are making reasonable efforts in good faith to comply with the terms of this Agreement, each party hereby agrees to excuse the other's performance hereunder upon the occurrence of a catastrophic act of God, accident, fire, labor controversy, riot or civil commotion, act of public enemy, law, enactment, rule, order, act of government or governmental instrumentality, failure of technical facilities, failure or delay of transportation facilities or other cause of a similar or dissimilar nature not within such party's control or which such party cannot be reasonable diligence avoid (collectively, a "Force Majeure"). Upon the occurrence of a Force Majeure, the party so affected shall continue to make all reasonable efforts in good faith to comply with the terms of this Agreement and shall be in full compliance hereof as soon as is reasonably practicable.

N. General Interpretation

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section of this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense and without limitation.

O. Interpretation of Rights

Whenever this Agreement provides that FRANCHISOR has a certain right, that right is absolute and the parties intend that FRANCHISOR's exercise of that right will not be subject to any limitation or review, FRANCHISOR has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement. Whenever FRANCHISOR reserves discretion in a particular area or where FRANCHISOR agrees to exercise its rights reasonably or in good faith, FRANCHISOR will satisfy its obligations whenever FRANCHISOR exercises Reasonable Business Judgment in making its decision or exercising its rights. FRANCHISOR's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if FRANCHISOR's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes FRANCHISOR financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

P. Time

Whenever a time is given in this Agreement for the performance of an act, such time is of the essence of this Agreement and may not be extended without the written agreement of the party who is entitled to receive the performance specified, which extension it may grant or withhold.

Q. Control During Crisis Situation

If an event occurs at FRANCHISEE's JOHNNY ROCKETS Restaurant that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Marks, the Johnny Rockets System or the reputation of FRANCHISOR (collectively "Crisis Situation"), FRANCHISEE shall: (1) immediately contact appropriate emergency care providers to assist it in curing the harm or injury; and (2) immediately inform FRANCHISOR by telephone of the Crisis Situation. FRANCHISEE shall refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by FRANCHISOR or public health officials).

To the extent FRANCHISOR deems appropriate, FRANCHISOR or its designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the JOHNNY ROCKETS Restaurant. The parties acknowledge that, in directing the management of any Crisis Situation, FRANCHISOR or its designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as it deems appropriate. FRANCHISEE and its employees shall cooperate fully with FRANCHISOR or its designee in its efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by FRANCHISOR from time to time hereafter. The indemnification under Section 11 shall include all losses and expenses that may result from the exercise by FRANCHISOR or its designee of the management rights granted in this Section 22.O.

[Signature page follows]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties shall be deemed to have executed this Agreement as of the Effective Date first set forth on Page 1 of this Agreement.

FRANCHISOR:

JOHNNY ROCKETS LICENSING, LLC,
a California limited liability company

By: _____
Name: JOHN M. MAGUIRE
Title: President and Chief Executive Officer

By: _____
Name: ALAN S. HINSON
Title: Executive Director, Legal Services & Assistant Secretary

FRANCHISEE:

[FRANCHISEE'S NAME]
a _____ corporation/limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT "A"

Restaurant Site and Type

Restaurant Number: _____

Restaurant Location: _____

City and State: _____

Opening Date: _____

The Franchise Agreement governs your operation of the following Restaurant Type (check one box below):

☐ Johnny Rockets Traditional Restaurant

☐ Johnny Rockets Express Restaurant

☐ Johnny Rockets Drive-Thru Restaurant

☐ Johnny Rockets Sports Lounge Restaurant

EXHIBIT "B"

GUARANTY
AND
SUBORDINATION AGREEMENT

In order to induce **JOHNNY ROCKETS LICENSING, LLC** ("FRANCHISOR") to enter into a Franchise Agreement ("Franchise Agreement"), dated the _____ day of _____20__ (the "Effective Date") with **[FRANCHISEE'S NAME]** ("FRANCHISEE"), the undersigned ("Guarantors"), each of whom is a direct or indirect shareholder, member, partner, or trustee of FRANCHISEE ("Owner") hereby personally and unconditionally: (1) guarantee to FRANCHISOR and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and any other agreement (whether or not in effect on the date of this Guaranty and Subordination Agreement) between FRANCHISEE and FRANCHISOR, or any of its affiliates, including but not limited to any area development agreement, Franchise Agreement, security agreement, purchase agreement, sublease or promissory note, and all extensions or renewals thereof (collectively, "Agreements"); (2) agree personally to be bound by each and every provision in the Agreements, including, without limitation, the provisions of Sections 11 and 17 of the Franchise Agreement; and (3) agree personally to be liable for the breach of each and every provision in the Agreements, including, without limitation, Section 17 of the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by FRANCHISOR of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against FRANCHISEE arising as a result of the execution of and performance under this Guaranty by the undersigned; (6) any law or statute which requires that FRANCHISOR make demand upon, assert claims against or collect from FRANCHISEE or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against FRANCHISEE or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guaranty decided by a jury.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreements upon demand if FRANCHISEE fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreements, any extension of time, credit or other indulgence which FRANCHISOR may from time to time grant to FRANCHISEE or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreements and for so long thereafter as there are monies or obligations owing from FRANCHISEE to FRANCHISOR or its affiliates under the Agreements; (5) any indebtedness by FRANCHISEE to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by FRANCHISEE to FRANCHISOR; (6) as long as FRANCHISEE owes any monies to FRANCHISOR (other

than royalty and advertising and payments that are not past due) FRANCHISEE will not pay and the undersigned will not accept payment of any part of any indebtedness owed by FRANCHISEE to any one of the undersigned, either directly or indirectly, without the consent of FRANCHISOR; and (7) monies received from any source by FRANCHISOR for application toward payment of the obligations under the Agreements and under this Guaranty may be applied in any manner or order deemed appropriate by FRANCHISOR. In addition, if any of the undersigned ceases to own any interest in FRANCHISEE prior to termination or expiration of the Agreements, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless FRANCHISOR, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 17.B. of the Franchise Agreement shall remain in force and effect for a period of two years after any such release by FRANCHISOR. A release by FRANCHISOR of any of the undersigned shall not affect the obligations of any other Guarantor.

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

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

This Guaranty shall not be affected by the modification, amendment, extension, release or renewal of any agreement between FRANCHISOR and FRANCHISEE, the taking of a note or other obligation from FRANCHISEE or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against FRANCHISEE of bankruptcy, insolvency, reorganization of other debtor's relief afforded by the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of FRANCHISEE's obligations or liability to FRANCHISOR, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Agreements including all renewals, modifications, amendments and extensions thereof, are fully paid and satisfied, provided that this Guaranty shall automatically terminate on the second anniversary of the effective date of any Transfer of the Franchise Agreement (as defined in the Franchise Agreement) and provided further that neither the Franchise Agreement nor any other agreement between FRANCHISOR and the transferee of such Transfer shall be in default on such effective date nor has been in default (whether or not cured) during such two year period.

If any of the following events occur, a default ("Default") under this Guaranty shall exist: (1) failure of timely payment or performance of the obligations under this Guaranty; (2) breach of any agreement or representation contained or referred to in this Guaranty; (3) the death of, appointment of a guardian for, dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the

filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice.

Section 20 of the Franchise Agreement is incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Franchise Agreement.

IN WITNESS THEREOF, the undersigned have constituted this Agreement on the Effective Date first set forth on Page 1 of this Agreement.

_____, Guarantor
Name: _____

_____, Guarantor
Name: _____

EXHIBIT "C"

ADDENDUM TO LEASE

THIS ADDENDUM, made and entered into by and between _____ ("Landlord") and _____ ("Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated _____, _____ (the "Lease") pertaining to the real property located at _____ as is more particularly described on Exhibit A, attached hereto (the "Demised Premises") allowing for operation of a Johnny Rockets restaurant; and

WHEREAS, Landlord and Tenant desire to incorporate the following terms into the body of the Lease;

NOW, THEREFORE, in consideration of the covenants herein and therein, the parties hereto agree as follows:

1. Notwithstanding anything contained elsewhere in the Lease to the contrary, Tenant may use the Demised Premises for the purpose of conducting thereon the business of a Johnny Rockets retail food outlet and for incidental purposes related thereto.

2. In the event the Franchise Agreement between Johnny Rockets Licensing, LLC, as Franchisor and Tenant, as Franchisee, is terminated or expires prior to expiration of the Lease, Johnny Rockets Licensing, LLC shall have the right but not the obligation, to assume those rights and obligations of the Tenant under the Lease coming due on or after the date Tenant vacates the Demised Premises, including taking possession of the Demised Premises, all fixtures, and leasehold improvements. Landlord shall give Johnny Rockets Licensing, LLC written notice of Tenant's vacation of the Demised Premises and thereafter Johnny Rockets Licensing, LLC shall exercise such right to assume the Tenant's rights and obligations by written notice to Landlord mailed or delivered not later than fifteen (15) days after Johnny Rockets Licensing, LLC's receipt of written notice from Landlord of Tenant's vacation of the Demised Premises.

3. Landlord hereby grants Tenant the unrestricted right during the initial term and any renewal term of the Lease to assign or sublet the Lease to Johnny Rockets Licensing, LLC.

4. Landlord shall give Johnny Rockets Licensing, LLC a copy of any and all notices of default given to Tenant, as required to be given by Landlord to Tenant under the terms of the Lease, at the same time such notice is given to Tenant. Within seven (7) days after Tenant's right to cure expires, Johnny Rockets Licensing, LLC shall have the right, but not the obligations, to cure any such default.

5. Upon the expiration or earlier termination of the Lease for any reason, Tenant, shall, at its own expense, remove all Johnny Rockets Trademarked and Trade Dress items from all buildings, including, but not limited to signs, fixtures and furnishings, and alter and paint all buildings and other improvements maintained pursuant to the Lease a design and color which is basically different from Johnny Rockets' authorized building design and painting schedule.

If Tenant shall fail to make or cause to be made any such removal, alteration or repainting within ten (10) days after the expiration or earlier termination of the Lease, the Landlord shall give Johnny Rockets Licensing, LLC written notice of such failure and Johnny Rockets Licensing, LLC shall have the right to enter upon the Demised Premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Tenant, which expense Tenant shall pay Johnny Rockets Licensing, LLC on demand.

6. Notwithstanding anything to the contrary elsewhere in the Lease or any addendum or amendment thereto, Landlord and Tenant agree that the terms and provisions set forth in the Addendum shall control and shall not be superseded, terminated or modified without the prior written consent of Johnny Rockets Licensing, LLC, a third party beneficiary to the Lease, and this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum this ____ day of _____, _____.

LANDLORD:	TENANT:
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____

EXHIBIT "D"

ACKNOWLEDGMENT ADDENDUM TO JOHNNY ROCKETS® FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a JOHNNY ROCKETS® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

_____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

_____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

_____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document or Franchise Agreement? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

_____

5. Did any employee or other person speaking on behalf of Johnny Rockets Licensing, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any JOHNNY ROCKETS location or business, or the likelihood of success at your franchised business? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

_____

_____

6. Did any employee or other person speaking on behalf of Johnny Rockets Licensing, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: (__) Yes (__) No. If yes, please comment:_____

_____

_____

7. Do you understand that that the franchise granted is for the right to develop and operate a Restaurant at the Restaurant Site, as stated in Section 2.B, and that, according to Section 2.C, we and our affiliates have the right, regardless of the proximity to your JOHNNY ROCKETS Restaurant, to; (i) own, operate or license others to operate JOHNNY ROCKETS restaurants at any location, (ii) own, operate or license others to operate restaurants and other businesses which operate under names other than the JOHNNY ROCKETS Trademark at any location, (iii) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at JOHNNY ROCKETS restaurants, under the JOHNNY ROCKETS Trademark or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, and (iv) produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the JOHNNY ROCKETS Trademark or other marks and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed and used by Johnny Rockets Licensing, LLC? Check one: (__) Yes (__) No. If no, please comment: _____

_____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Disclosure Document or Franchise Agreement will not be binding? Check one: (__) Yes (__) No. If no, please comment: _____

_____

9. Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the JOHNNY ROCKETS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Restaurant may change? Check one (__) Yes (__) No. If no, please comment: _____

_____

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Sections 17.B and 17.C and that an injunction is an appropriate remedy to protect the interests of the JOHNNY ROCKETS system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in Sections 17.B and 17.C, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one (__) Yes (__) No. If no, please comment: _____

_____

11. On the receipt page of the Disclosure Document you identified _____ _____ as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one (__) Yes (__) No. If no, please identify any additional franchise sellers involved with this transaction:_____

_____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

APPROVED ON BEHALF OF
JOHNNY ROCKETS LICENSING, LLC

By: _____

Title: Executive Director, Legal Services

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT B-2

MOBILE KITCHEN FRANCHISE AGREEMENT

JOHNNY ROCKETS LICENSING, LLC

MOBILE KITCHEN FRANCHISE AGREEMENT

with

[FRANCHISEE'S NAME]

for

[Store #]
[Store Name]
[City, ST]

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Exhibit "A" Mobile Kitchen Operation Area

Exhibit "B" Guaranty and Subordination Agreement

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JOHNNY ROCKETS LICENSING, LLC
MOBILE KITCHEN FRANCHISE AGREEMENT

THIS MOBILE KITCHEN FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, _____ ("Effective Date"), by and between **JOHNNY ROCKETS LICENSING, LLC**, a California limited liability company ("FRANCHISOR") and **[FRANCHISEE'S NAME]**, a _____ corporation/limited liability company ("FRANCHISEE").

RECITALS:

A. FRANCHISOR has acquired and developed a system for the establishment and operation of Mobile Kitchens operating under the Marks (as defined below) and in accordance with the System (as defined below) and featuring the sale of hamburgers, chili, malts, fries and related products to the general public ("JOHNNY ROCKETS Mobile Kitchen(s)").

B. The Johnny Rockets System consists of a specific layout and design, equipment, interior and exterior decorations and signage specifications, menus of standard appearance and design, recipes, formulas, specially designed paper goods and other items used in serving and dispensing food products, advertising, trade practices, operating methods, various business forms, training materials, manuals, including the Johnny Rockets Confidential Development and Operations Manuals ("Manuals"), sales techniques, personnel management and management control systems as specified by FRANCHISOR from time to time for use in connection with the operation of JOHNNY ROCKETS Mobile Kitchens ("Johnny Rockets System" or "System").

C. FRANCHISOR has acquired and owns the trade name and service mark JOHNNY ROCKETS and certain designs, phrases, logos, trademarks, service marks, copyrights and other items now or hereafter owned, used or provided by FRANCHISOR and designated in writing by FRANCHISOR for the continued use by FRANCHISEE in connection with the operation of a JOHNNY ROCKETS Mobile Kitchen under the Johnny Rockets System pursuant to the terms of this Agreement ("Marks").

D. FRANCHISEE desires to acquire a license to operate a JOHNNY ROCKETS Mobile Kitchen and FRANCHISOR desires to grant FRANCHISEE a license on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the above facts and the terms and conditions set forth below, the parties agree as follows.

1. INCORPORATION OF RECITALS, WARRANTIES AND REPRESENTATIONS BY FRANCHISEE

The recitals set forth in Paragraphs A, B, C and D above are true and correct and are hereby incorporated by reference into this Agreement. FRANCHISEE hereby warrants, represents, covenants, and acknowledges to FRANCHISOR that:

A. FRANCHISEE has had no part in the creation or development of the System, the Marks, the Manuals or any other proprietary information provided by FRANCHISOR;

B. FRANCHISEE is entering into this Agreement after having made an independent investigation of FRANCHISOR's operations, and not upon any representation as to the sales, profits, or earnings which FRANCHISEE might realize;

C. FRANCHISOR has not made any representations or promises to FRANCHISEE which are not contained in this Agreement or the Franchise Disclosure Document FRANCHISEE received, and FRANCHISEE has not relied upon, nor has FRANCHISOR made, any warranties, express or implied, as to the potential success of the business contemplated herein; and

D. FRANCHISEE understands that the System and Manuals are continually evolving and that FRANCHISOR has the right to make changes therein from time to time as it may deem appropriate.

FRANCHISOR's obligations and FRANCHISEE's rights pursuant to this Agreement are expressly conditioned upon the truth of the warranties and representations set forth above at the time of execution of this Agreement, their continued truth throughout the initial term of this Agreement, and any renewals or extensions of this Agreement.

2. GRANT OF LICENSE; ORGANIZATION OF FRANCHISEE

A. Operation of the Mobile Kitchen

(1) Subject to the terms and conditions set forth herein, FRANCHISOR hereby grants to FRANCHISEE during the term of this Agreement a license to use the Johnny Rockets System and the Marks, exclusively in connection with the operation of a JOHNNY ROCKETS Mobile Kitchen in the operation area approved by FRANCHISOR prior to the execution of this Agreement and set forth in Exhibit "A" hereto (the "Operation Area"). The Operation Area is not an exclusive area for FRANCHISEE and FRANCHISOR reserves the right to own, operate or license others the right to operate JOHNNY ROCKETS restaurants and, in some instances, other Mobile Kitchens inside the Operation Area.

For the purposes of this Agreement, a "Mobile Kitchen" will mean a truck and/or trailer from which FRANCHISEE operates its JOHNNY ROCKETS Mobile Kitchen and which is designed in accordance with FRANCHISOR's specifications and requirements and approved by FRANCHISOR. FRANCHISEE shall use the Mobile Kitchen, the Johnny Rockets System and the Marks solely in connection with and exclusively for the promotion and operation of a JOHNNY ROCKETS Mobile Kitchen in accordance with the terms of this Agreement and with all instructions, rules and procedures which may be prescribed by FRANCHISOR from time to time with respect to this Agreement. The Marks shall be used solely in connection with the sale of and only to identify products and services designated by FRANCHISOR. Nothing contained herein shall be construed to authorize or permit the use by FRANCHISEE of the Mobile Kitchen, the Johnny Rockets System and/or the Marks outside of the Operation Area or for any other purpose or to restrict FRANCHISOR from operating or granting others the right to operate a JOHNNY ROCKETS Mobile Kitchen or JOHNNY ROCKETS restaurant or otherwise using the Johnny Rockets System and the Marks in any manner whatsoever inside or outside the Operation Area or for any other purpose or licensing others to do so.

(2) FRANCHISEE may only use the Mobile Kitchen inside FRANCHISEE's Operation Area.

(3) FRANCHISEE may not operate a Mobile Kitchen with three (3) miles of an existing JOHNNY ROCKETS Restaurant.

(3) Within fifteen (15) days after the Effective Date of this Agreement, FRANCHISEE must submit a written order for a Mobile Kitchen to a manufacturer approved by FRANCHISOR (an "Approved Mobile Kitchen Manufacturer"). The design, equipment and menu for the Mobile Kitchen will be predetermined by FRANCHISOR, and FRANCHISEE must select its Mobile Kitchen from the predetermined designs then being offered. FRANCHISEE acknowledges and agrees that FRANCHISOR will be identified as a lien holder on the title of the Mobile Kitchen.

(4) Prior to commencing operation of the Mobile Kitchen, FRANCHISEE must (a) obtain all applicable licenses and permits from the applicable governmental agency for use of the Mobile Kitchen within the Operation Area, and (b) provide a copy of all applicable licenses and permits, including driver's licenses, to FRANCHISOR.

B. No Territorial Rights

This Agreement does not give FRANCHISEE any exclusive rights to use the Johnny Rockets System or the Marks in any geographic area, including the Operation Area. FRANCHISOR expressly reserves the exclusive, unrestricted right directly and indirectly, through its employees, affiliates, representatives, franchisees, assigns, agents and others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to:

(1) Own, operate or license others to operate JOHNNY ROCKETS Mobile Kitchens or JOHNNY ROCKETS Restaurants at any location regardless of whether such locations are inside or outside of the Operation Area granted pursuant to this Agreement;

(2) Own, operate or license others the right to operate mobile kitchens, restaurants and other businesses which operate under names other than JOHNNY ROCKETS at any location whether located inside or outside of the Operation Area;

(3) Manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at JOHNNY ROCKETS Mobile Kitchens, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including, without limitation, by means of direct mail advertising, the Internet/worldwide web; any other form of electronic commerce; supermarkets, grocery stores and convenience stores; mail order; catalogs; or, any other channel or method of distribution whatsoever, both inside and outside of the Operation Area; and

(4) Produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the Marks or other marks inside and outside of the Operation Area and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems symbols, designs and other identifying characteristics as may be developed or used from time to time by FRANCHISOR.

C. Business Entity Documents

If FRANCHISEE is a Business Entity (as defined in Section 6.G.(1) below), or if this Agreement is assigned to a Business Entity, such entity shall conduct no business other than the business contemplated under this Agreement without FRANCHISOR's approval. FRANCHISEE shall not use the name "JOHNNY ROCKETS" in the name of any such Business Entity or as part of any domain name or as part of an e-mail address, as it is a protected name. All Owners of such Business Entity represent and warrant their percentage ownership interest in FRANCHISEE and that they are all the persons required to sign this Agreement pursuant to this Section. The articles of incorporation, articles of organization, articles of partnership, partnership agreement, articles of association, memorandum of association, and other organizational documents of such Business Entity shall be provided to FRANCHISOR promptly upon request and shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement. All issued and outstanding stock or share certificates, if any of such Business Entity shall bear a legend referring to the restrictions in this Agreement. FRANCHISEE shall not conduct any public offering of its securities unless FRANCHISOR consents in writing to such offering.

D. Guaranty of Franchise Agreement

If FRANCHISEE is a Business Entity, all of FRANCHISEE's Owners, regardless of each Owner's percentage of ownership, shall execute the Guaranty and Subordination Agreement attached to this Agreement as Exhibit "B" and thereby guaranty the full, faithful and timely performance by FRANCHISEE of all of the payments, covenants and other obligations of FRANCHISEE under this Agreement. The guarantors under such Guaranty have waived all requirements of notice, demand and presentment, as well as the right to require FRANCHISOR to first pursue any other remedy in FRANCHISOR's power and other similar procedural and substantive rights. The Guaranty is an absolute and unconditional obligation and survives the termination of this Agreement, including upon FRANCHISEE's bankruptcy or insolvency.

3. TERM OF LICENSE

The term of this Agreement (the "Term") is as indicated by the parties' initials in the table below:

Term:	Initials:
Initial Term (10 years) pursuant to Section 3.A below	Franchisee: _____ JRL: ____
First Renewal Term (5 years) pursuant to Section 3.B	Franchisee: _____ JRL: ____
Final Renewal Term (5 years) pursuant to Section 3.C	Franchisee: _____ JRL: ____

A. Initial Term

(1) If the box for "Initial Term" is initialed in the table above, then the Term of this Agreement (the "Initial Term") begins on the Effective Date of this Agreement and continues until 11:59 p.m. on the day preceding the tenth (10th) anniversary of the Effective Date, unless this Agreement is sooner terminated by FRANCHISOR as provided for in this Agreement. FRANCHISEE must open its Mobile Kitchen within the time period set forth in Section 5 below in this Agreement, and thereafter continuously operate its Mobile Kitchen for the entire Initial Term.

(2) In the event FRANCHISEE desires to renew this Agreement upon expiration of the Initial Term, FRANCHISEE shall submit a request to FRANCHISOR for any such renewal at least twelve (12) months but no more than eighteen (18) months before the expiration of the Initial Term. FRANCHISOR shall grant any such renewal provided FRANCHISEE satisfies all of the Conditions to Renewal provided in Section 3.D below. In the event FRANCHISEE is granted a renewal of this Agreement, FRANCHISEE must enter into a new mobile kitchen franchise agreement ("First Renewal Mobile Kitchen Franchise Agreement") for a period of five (5) years, unless sooner terminated by FRANCHISOR as provided in this Agreement. The First Renewal Mobile Kitchen Franchise Agreement shall be in the then-current form of FRANCHISOR's mobile kitchen franchise agreement being offered to new Mobile Kitchen franchisees at the time of the exercise of this option to renew, except (a) the Term of the renewal period shall be five (5) years, and (b) the Weekly Royalty Fee and Weekly Marketing Fee; will be the same as provided in this Agreement for the Initial Term. If at the time of FRANCHISEE's request FRANCHISOR is not granting Mobile Kitchen franchises, then the First Renewal Mobile Kitchen Franchise Agreement will take the form of a FRANCHISOR selected version of the franchise agreement previously used by FRANCHISOR in connection with offering Mobile Kitchen franchises.

B. First Renewal Term

(1) If the box for "First Renewal Term" is initialed in the table above, then the Term of this Agreement ("First Renewal Term") begins on the date of expiration of the Initial Term of the Mobile Kitchen

Franchise Agreement previously in effect for the Mobile Kitchen and continues until 11:59 p.m. on the day preceding the fifth (5th) anniversary of that date.

(2) In the event FRANCHISEE desires to renew this Agreement upon the expiration of the First Renewal Term, FRANCHISEE must submit a request to FRANCHISOR for any such renewal at least twelve (12) months but no more than eighteen (18) months before the expiration of the First Renewal Term. FRANCHISOR will grant any such renewal provided FRANCHISEE satisfies all of the Conditions to Renewal provided in Section 3.D below. In the event FRANCHISEE is granted a renewal of this Agreement, FRANCHISEE will enter into a new mobile kitchen franchise agreement ("Final Renewal Mobile Kitchen Franchise Agreement") for a period of five (5) years, unless sooner terminated by FRANCHISOR as provided in this Agreement. The Final Renewal Mobile Kitchen Franchise Agreement shall be in the then-current form of FRANCHISOR's mobile kitchen franchise agreement being offered to new Mobile Kitchen franchisees at the time of the exercise of this option to renew, except (a) the Term of the renewal period shall be five (5) years, and (b) the Weekly Royalty Fee and Weekly Marketing Fee will be the same as provided in this Agreement for the Initial Term. If at the time of FRANCHISEE's request FRANCHISOR is not granting Mobile Kitchen franchises, then the Final Mobile Kitchen Franchise Agreement will take the form of a FRANCHISOR selected version of the franchise agreement previously used by FRANCHISOR in connection with offering Mobile Kitchen franchises.

C. Final Renewal Term

If the box for "Final Renewal Term" is initialed in the table above, then the Term of this Agreement ("Final Renewal Term") begins on the date of expiration of the First Renewal Term and continues until 11:59 p.m. on the day preceding the fifth (5th) anniversary of that date. Upon expiration of the Final Renewal Term, FRANCHISEE shall have no further options to renew.

D. Conditions to Renewal

No less than twelve (12) or more than eighteen (18) months before the scheduled expiration date of the Initial Term or the First Renewal Term (as then in effect), FRANCHISEE must deliver to FRANCHISOR a request to renew this Agreement. Promptly upon receipt of such request FRANCHISOR will deliver to FRANCHISEE a copy of FRANCHISOR's then-current form of Franchise Disclosure Document ("FDD"), provided FRANCHISOR is required by applicable law to deliver a FDD to FRANCHISEE. Upon FRANCHISOR's receipt from FRANCHISEE of the signed "Receipt" ("FDD Receipt") attached to the FDD, FRANCHISOR will review the renewal conditions set forth below to ensure all conditions are satisfied, and then FRANCHISOR will deliver two (2) execution counterparts of the applicable Renewal Mobile Kitchen Franchise Agreement to FRANCHISEE. The right of FRANCHISEE to renew this Agreement for either the First Renewal Term or the Final Renewal Term shall be subject to satisfaction of each of the following conditions at the time FRANCHISEE signs the Renewal Mobile Kitchen Franchise Agreement and at the end of the then-current Term:

(1) No more than seven (7) days after receipt of the FDD, FRANCHISEE shall sign the FDD Receipt(s) delivered by FRANCHISOR with the FDD, and return the FDD Receipt to FRANCHISOR.

(2) After receipt of the two (2) original execution counterparts of the applicable Renewal Mobile Kitchen Franchise Agreement from FRANCHISOR and no more than seven (7) days after the permitted "Signing Date" as provided by FRANCHISOR with the Renewal Mobile Kitchen Franchise Agreement, FRANCHISEE must sign and return to FRANCHISOR both original counterparts of the applicable Renewal Mobile Kitchen Franchise Agreement, accompanied by payment of the applicable Renewal Franchise Fee equal to the lesser of: (a) the Initial Franchise Fee provided in Section 4 of this Agreement; or (b) twenty-five percent

(25%) of the Initial Franchise Fee then charged by FRANCHISOR to new franchisees for a single Mobile Kitchen.

(3) FRANCHISEE, its parent or any of its affiliates, shall not be in default under any provision of this Agreement or any other agreement between FRANCHISOR, its parent or affiliates and FRANCHISEE.

(4) As determined by FRANCHISOR, FRANCHISEE must have operated the JOHNNY ROCKETS Mobile Kitchen and any other of its licensed JOHNNY ROCKETS Mobile Kitchens or Restaurants in accordance with the applicable Franchise Agreement and with the Johnny Rockets System (as set forth in the Manuals or otherwise and as revised from time to time by FRANCHISOR).

(5) FRANCHISEE or its Owners (as defined in Section 6.G), officers, directors or any of its employees may be required to complete to FRANCHISOR's satisfaction any training program offered for the renewal of a license.

(6) FRANCHISEE and its Owners and all guarantors of FRANCHISEE's obligations shall have executed a general release and a covenant not to sue, in a form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR, and its parent and affiliates, and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances, that exist at the time of the renewal.

(7) FRANCHISEE must modernize, renovate and/or remodel its JOHNNY ROCKETS Mobile Kitchen to conform to the then-current format and style of JOHNNY ROCKETS Mobile Kitchens as specified to FRANCHISEE by FRANCHISOR in writing, which may include the layout and design of the Mobile Kitchen, the exterior and interior decoration, furniture and fixtures, the equipment and the signs. FRANCHISEE shall have a period of six (6) months from the commencement date of the applicable Renewal Term to complete such work to FRANCHISOR's reasonable satisfaction. In the event such work is not completed within the six (6) month period, this Agreement shall automatically terminate.

4. INITIAL FRANCHISE FEE

FRANCHISEE shall pay FRANCHISOR an Initial Franchise Fee of Twenty-Five Thousand Dollars ($25,000) for a JOHNNY ROCKETS Mobile Kitchen concurrently with the execution of this Agreement.

FRANCHISEE hereby acknowledges and agrees that the grant of this franchise and the undertakings and agreements of FRANCHISOR contained in this Agreement constitute the sole and only consideration for the payment of the Initial Franchise Fee and that the Initial Franchise Fee shall be deemed fully earned by FRANCHISOR upon execution of the Franchise Agreement and no portion thereof shall be refundable to FRANCHISEE.

5. CONSTRUCTION AND ORDERING OF THE MOBILE KITCHEN

A. Ordering

FRANCHISEE must obtain its Mobile Kitchen from one of FRANCHISOR's Approved Mobile Kitchen Manufacturers. The layout, specifications and construction of the Mobile Kitchen will be limited to predetermined designs offered by FRANCHISOR. Within fifteen (15) days after the Effective Date of this Agreement, FRANCHISEE must select one of the predetermined designs for its Mobile Kitchen and order its Mobile Kitchen from an Approved Mobile Kitchen Manufacturer. All food trucks must initially be constructed using only a new vehicle with all new parts, including, but not limited to, a new engine and drive-train, and all

new fixtures and equipment. All trailers must initially be constructed using only a trailer with all new parts, including, but not limited to, all new fixtures and equipment. The Mobile Kitchen will be completely constructed by the Approved Mobile Kitchen Manufacturer selected by FRANCHISEE.

B. Beginning Operation

Nothing in this Agreement to the contrary withstanding, FRANCHISEE must begin operating its Mobile Kitchen by opening for business to the public not later than one hundred eighty (180) days after the Effective Date of this Agreement. FRANCHISEE shall not commence operations of the JOHNNY ROCKETS Mobile Kitchen if the Mobile Kitchen does not conform, in any material respect, to the plans and specifications approved by FRANCHISOR, including any changes to such approved plans and specifications subsequently approved by FRANCHISOR. FRANCHISEE shall not open the JOHNNY ROCKETS Mobile Kitchen to the public until FRANCHISOR acknowledges in writing that the JOHNNY ROCKETS Mobile Kitchen and FRANCHISEE are prepared for such opening. FRANCHISEE's failure to meet any of these obligations will result in the termination of this Agreement.

C. Remodeling

FRANCHISEE shall modernize, renovate and/or remodel the JOHNNY ROCKETS Mobile Kitchen within twelve (12) months after the fifth (5th) anniversary of the Effective Date of this Agreement, except for the exterior of the Mobile Kitchen which shall be replaced with a new exterior wrap at least every three (3) years after the Effective Date of this Agreement. When FRANCHISEE alters, modernizes, renovates or remodels the JOHNNY ROCKETS Mobile Kitchen or installs, substitutes or alters decorations, fixtures, furniture or equipment, or signs, all such work shall be subject to the prior written approval of FRANCHISOR and, when completed, shall conform to plans and specifications approved by FRANCHISOR. Although it is not obligated to do so, FRANCHISOR may inspect such work at any time to determine whether the work is being done in accordance with the plans and specifications previously approved by FRANCHISOR.

D. Fixtures, Furniture and Equipment

The typical furniture, fixtures and equipment specifications given to FRANCHISEE by FRANCHISOR do not limit the obligation of FRANCHISEE to provide all required furniture, fixtures and equipment for the JOHNNY ROCKETS Mobile Kitchen at FRANCHISEE's sole expense. If FRANCHISOR specifies certain manufacturers or suppliers, FRANCHISEE must purchase the specified furniture, fixtures and equipment from such manufacturers and suppliers. If no manufacturer or supplier is specified, FRANCHISEE shall have the right to purchase the required furniture, fixtures and equipment from any source provided that the items to be purchased are in strict accordance with the specifications and warranties of FRANCHISOR as described in Section 7.C of this Agreement. FRANCHISEE is prohibited from installing any used furniture, fixtures or equipment in its JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE shall notify FRANCHISOR and FRANCHISOR shall have the right, but not the obligation, to inspect and accept or reject such furniture, fixtures or equipment prior to the installation of such items.

E. Wraps

FRANCHISEE shall purchase, install, display and maintain in proper condition, at its sole expense, the required Mobile Kitchen vehicle wrap (the "Wrap") to be installed on the JOHNNY ROCKETS Mobile Kitchen, which Wrap must be purchased from an approved manufacturer or supplier and conform to FRANCHISOR's criteria as to type, color, size and design as may be specified in writing by FRANCHISOR from time to time. FRANCHISEE must submit, as part of the trade dress submittal package, complete detailed drawings of the Wrap to FRANCHISOR for approval. The Wrap must be approved in writing by FRANCHISOR prior to installation or display.

6. METHODS AND STANDARDS OF OPERATION

In order to maintain uniform standards of operation for all JOHNNY ROCKETS Mobile Kitchens and to protect the goodwill of FRANCHISOR, the Johnny Rockets System and the Marks, FRANCHISEE shall follow the methods and standards of operation established by FRANCHISOR and set forth below:

A. Standards Established by FRANCHISOR

FRANCHISOR retains the right to prescribe, in the Manuals and in any other written communication, the standards of quality, service, production, merchandising and advertising for the JOHNNY ROCKETS Mobile Kitchen at all times during the term of this Agreement and any extension or renewal thereof. FRANCHISEE agrees to comply with all of the mandatory specifications, standards and operating procedures which comprise the Johnny Rockets System as set forth in the Manuals and as communicated by FRANCHISOR from time to time to FRANCHISEE in writing for the operation of the JOHNNY ROCKETS Mobile Kitchen and not to deviate from the same without the prior written consent of FRANCHISOR. Any waiver granted from the requirements of this Section 6.A. (which must be in writing) shall continue until FRANCHISOR provides FRANCHISEE with written notice that the waiver is no longer available.

In the exercise of FRANCHISOR's sole business judgment, FRANCHISOR may from time to time modify any components of the System and requirements applicable to FRANCHISEE by means of Supplements to the Manuals (as defined in Section D2 below) or otherwise, including, but not limited to, altering the programs, products, services, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the programs, products and services which FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other characteristics that FRANCHISEE is required to adhere to (subject to the limitations set forth in this Agreement); and, changing, improving, modifying or substituting for the Marks. FRANCHISEE agrees to implement any such System modifications as if they were part of the System at the time FRANCHISEE signed this Agreement. FRANCHISEE acknowledges that because uniformity under many varying conditions may not be possible or practical, FRANCHISOR reserves the right to materially vary its standards or franchise agreement terms for any franchised JOHNNY ROCKETS Mobile Kitchen, based on the timing of the grant of the franchise, the peculiarities of the particular Operation Area or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which FRANCHISOR considers important to the successful operation of the franchised JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE will have no right to require FRANCHISOR to disclose any variation or to grant the same or a similar variation to FRANCHISEE.

B. Supplies, Products and Menu Items

(1) Unless elsewhere provided for in this Section 6, including Single Sourced Products and Proprietary Products as defined below, FRANCHISEE must purchase supplies, equipment, materials, services, forms and food products required under this Agreement from suppliers FRANCHSIOR designates; in accordance with FRANCHISOR's written specifications; and/or, to the extent FRANCHISOR has not designated a supplier for particular items, from suppliers FRANCHISEE proposes and FRANCHISOR approves in writing, provided the proposed suppliers meet the standards established from time to time by FRANCHISOR and provided that the items and food products to be purchased are in strict accordance with the standard specifications of FRANCHISOR, all as more specifically described in Section 7.C. In certain instances, FRANCHISOR reserves the right to designate a single source approved supplier ("Single Source Approved Supplier") for a specific product ("Single Sourced Products"), and FRANCHISOR, an affiliate or a designated third party supplier may be that Single Source Approved Supplier. FRANCHISOR will identify Single Sourced

Products through the Manuals or other written system communications. From time to time, FRANCHISOR may modify the list of Single Sourced Products.

(2) FRANCHISEE shall sell no product, service or other item at the JOHNNY ROCKETS Mobile Kitchen other than products, services or other items approved by FRANCHISOR.

(3) . FRANCHISEE shall not, without FRANCHISOR's prior written consent, sell, dispense, give away or otherwise provide FRANCHISOR's products, or any products bearing the Marks, except by means of retail sales in the JOHNNY ROCKETS Mobile Kitchen.

(4) All menu items shall be made in strict compliance with FRANCHISOR's specifications, recipes and requirements as may be provided for in the Manuals or prescribed in writing from time to time by FRANCHISOR.

(5) FRANCHISEE must, at all times, maintain an adequate inventory of products, supplies and materials sufficient to satisfy customer demand and to operate the JOHNNY ROCKETS Mobile Kitchen efficiently.

(6) FRANCHISOR may, from time to time, require FRANCHISEE to test market products and/or services in connection with the operation of the JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE agrees to cooperate with FRANCHISOR in connection with the conduct of such test marketing programs and agrees to comply with FRANCHISOR's rules and regulations established from time to time in connection herewith.

(7) FRANCHISOR may, in the exercise of its business judgment, enter into supply contracts either for all JOHNNY ROCKETS Mobile Kitchens or a subset of JOHNNY ROCKETS Mobile Kitchens operating within one or more geographic regions (each, a "systemwide supply contract"). FRANCHISOR may enter in such systemwide supply contracts with one or more vendors for programs, products, supplies, equipment, materials and services that all company-owned and franchised JOHNNY ROCKETS Mobile Kitchens in the United States, or company-owned and franchised JOHNNY ROCKETS Mobile Kitchens in a designated geographic area, will be required to purchase, use and sell. If FRANCHISOR does so, then immediately upon notification, FRANCHISEE, FRANCHISOR and all other JOHNNY ROCKETS Mobile Kitchens (or, as applicable, those in the designated geographic area) must purchase the specified program, product, supply, equipment, material or service only from the designated supplier. However, if at the time of FRANCHISOR's notification FRANCHISEE is already a party to a non-terminable supply contract with another approved vendor or supplier for the item in question, then FRANCHISEE's obligation to purchase from FRANCHISOR's designated supplier under the systemwide supply contract will not begin until the scheduled expiration (or earlier termination) of FRANCHISEE's pre-existing supply contract. FRANCHISOR makes no representation that it will enter into any systemwide supply contracts or other exclusive supply arrangements or, if it does so, that FRANCHISEE would not otherwise be able to purchase the same programs, products and/or services at a lower price from another supplier. FRANCHISOR may add to, modify, substitute or discontinue systemwide supply contracts or exclusive supply arrangements in the exercise of its business judgment.

(8) All specifications, products and designated and approved suppliers are subject to addition, modification, revocation and/or deletion by FRANCHISOR at any time upon notice to FRANCHISEE. If FRANCHISOR revokes or deletes any product, equipment, component or any approved or designated supplier, FRANCHISEE must cease using such disapproved item or supplier (and any items purchased from a revoked source of supply).

C. Purchase of Proprietary Products/Single Sourced Products

(1) The seasonings and certain other products, including those which may be developed from time to time, used in the preparation of Johnny Rockets food products ("Proprietary Products") are unique and their formula and manufacturing process constitute trade secrets essential to the success of the Johnny Rockets System. In addition, as noted in Section 6.B.(1), FRANCHISOR also may identify Single Sourced Products for use in the operation of the JOHNNY ROCKETS Mobile Kitchen. The Proprietary Products and Single Sourced Products must be used as prescribed and FRANCHISEE shall purchase the Proprietary Products and Single Sourced Products exclusively from FRANCHISOR or its affiliate or a Single Source Approved Supplier designated by FRANCHISOR, and from no other source, at such standard prices and under such stated terms as the same are established by FRANCHISOR, its affiliate or the Single Source Approved Supplier from time to time. The right to purchase and use the Proprietary Products and Single Sourced Products is sublicensed to FRANCHISEE pursuant to this Agreement and such right is only co-extensive with the Term of this Agreement.

(2) Purchases of Proprietary Products other than from FRANCHISOR, or its affiliates, or a Single Source Approved Supplier designated by FRANCHISOR, or purchases of products used by FRANCHISEE in place of FRANCHISOR's Proprietary Products and Single Sourced Products from any other manufacturer, or use or sale of any similar products not supplied by FRANCHISOR or its affiliates, or a Single Source Approved Supplier designated by FRANCHISOR, including the manufacture of any such products used in place of FRANCHISOR's Proprietary Products and Single Sourced Products, may result in termination of this Agreement.

D. Manuals

(1) FRANCHISOR shall lend FRANCHISEE one copy of the Manuals. The Manuals may take the form of one or more of the following: one or more loose leaf or bound volumes; bulletins; notices; videos; CD-ROMS; other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or, any other now or hereafter developed medium capable of conveying the Manuals' contents. The Manuals will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications and requirements for operating FRANCHISEE's franchised JOHNNY ROCKETS Mobile Kitchens. FRANCHISEE agrees to operate its JOHNNY ROCKETS Mobile Kitchens in strict compliance with the Manuals and this Agreement. At the option of FRANCHISOR, access to the Manuals may either be (a) electronically, via FRANCHISOR's JR Portal" (as defined in Section 7.D below) or (b) by loaning to FRANCHISEE a single printed copy of the Manuals. The portions of the Manual set forth on FRANCHISOR's JR Portal shall be deemed to be "written" for purposes of any provision of this Agreement requiring FRANCHISEE to follow the written directions of FRANCHISOR. The requirements set forth in the Manuals shall govern the operation of the JOHNNY ROCKETS Mobile Kitchen.

(2) FRANCHISOR has the right to prescribe additions to, deletions from and/or revisions to the Manuals (the "Supplements to the Manuals") from time to time, prior to the opening of the JOHNNY ROCKETS Mobile Kitchen and throughout the term of this Agreement. All references to the Manuals in this Agreement will include the Supplements to the Manuals. Supplements to the Manuals will become binding and effective upon (a) posting the change on FRANCHISOR's JR Portal, or (b) delivery of written notice thereof to FRANCHISEE, unless (in either case) a longer period is specified in such notice. The Manuals, as modified from time to time shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time. In the event of any discrepancy, the electronic version of the Manual maintained on FRANCHISOR's JR Portal shall control.

(3) FRANCHISEE shall operate the JOHNNY ROCKETS Mobile Kitchen in accordance with the required standards, specifications and procedures set forth in the Manuals and this Agreement and shall comply with and accept as reasonable any modifications, revisions and additions to the Manuals which FRANCHISOR believes to be necessary or desirable, provided that no such addition or modification shall alter FRANCHISEE's fundamental status and material rights under this Agreement. Any required standards exist to protect FRANCHISOR's interest in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters reserved to FRANCHISEE.

(4) FRANCHISEE shall treat the Manuals as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential (including protecting the passwords for access to the JR Portal). Except as expressly permitted in the Manuals, FRANCHISEE shall not at any time without FRANCHISOR's prior written consent, copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. FRANCHISEE acknowledges that FRANCHISOR is the owner of all proprietary rights in the Manuals and all intellectual property rights connected therewith (including common law copyright) and that FRANCHISEE is acquiring no property or other right to the Manuals other than a license to use it and comply with it during the Term of this Agreement. FRANCHISEE agrees to ensure at all times that its copy of the Manuals are current and up-to-date.

(5) Immediately upon the expiration or earlier termination of this Agreement, FRANCHISEE shall return all printed copies of the Manuals to FRANCHISOR.

E. Interior and Exterior Upkeep

Ongoing maintenance and repair of the JOHNNY ROCKETS Mobile Kitchen is the sole responsibility of FRANCHISEE. FRANCHISEE shall at all times maintain the interior and exterior of the JOHNNY ROCKETS Mobile Kitchen and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and shall comply with the requirements of the Manuals regarding the upkeep of the JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE shall wash the outside of the Mobile Kitchen no less than one (1) time per week during periods of operation. FRANCHISEE shall repair, refinish or paint the exterior and the interior of the JOHNNY ROCKETS Mobile Kitchen at its own expense at such times as reasonably directed by FRANCHISOR, but in no event shall the exterior be repaired, refinished and repainted no less than every three (3) years. In the event the exterior of the Mobile Kitchen is damaged in any way, FRANCHISEE must repair such damage before the Mobile Kitchen may be used again, unless FRANCHISEE receives a temporary waiver of this repair requirement from FRANCHISOR in writing. FRANCHISEE shall maintain its furniture, fixtures, equipment, décor, and all other tangible property in the JOHNNY ROCKETS Mobile Kitchen in a clean, attractive condition and in good repair and shall replace any of the JOHNNY ROCKETS Mobile Kitchen's furniture, fixtures and equipment which FRANCHISOR determines has become obsolete or mechanically impaired. Replacement equipment and fixtures shall be of the same type and quality as are being used in the new JOHNNY ROCKETS Mobile Kitchens being installed at the time replacement is required. All replacement equipment and fixtures shall comply with FRANCHISOR's then current requirements and specifications as may be provided for in the Manuals or otherwise specified in writing by FRANCHISOR. FRANCHISEE's obligation to maintain and repair the JOHNNY ROCKETS Mobile Kitchen as set forth in this Section 6.E is separate and distinct from and not to be confused with FRANCHISEE's obligation to modernize, renovate and/or remodel the JOHNNY ROCKETS Mobile Kitchen as set forth in Section 5.C herein above.

F. Hours of Operation

FRANCHISEE shall operate the JOHNNY ROCKETS Mobile Kitchen within the Operation Area for such period of time each day as reasonably approved by FRANCHISOR and in compliance with all local laws and ordinances.

G. Supervision, Management and Personnel of the JOHNNY ROCKETS Mobile Kitchen

(1) FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen must at all times be under the direct supervision and control of FRANCHISEE or, in the case where FRANCHISEE is a corporation, limited liability company, trust, partnership or other entity (collectively "Business Entity"), by an Owner, officer, director or "Control Person" (as defined below) who has been approved in writing by FRANCHISOR or a manager who has successfully completed the training provided for in Section 7.A of this Agreement and has been approved in writing by FRANCHISOR ("Manager"). As used in this Agreement, the term "Owner" means any and all direct and indirect shareholders, members, partners, trustees, or other equity owners of a Business Entity; except that if FRANCHISOR has any ownership interest in FRANCHISEE, the term "Owner" shall not include or refer to the FRANCHISOR or its parent, Owners or affiliates, and no obligation or restriction upon the "FRANCHISEE", or its Owners, directors or officers shall bind FRANCHISOR, its parent, Owners or affiliates, or their respective Owners, directors or officers. "Control Person" means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the operation of the Mobile Kitchen, is responsible for overseeing the general management of the day-to-day operations of the Mobile Kitchen, and has authority to sign on your behalf on all contracts and commercial documents. The Control Person must be listed in your franchisee application and must be approved by FRANCHISOR.

(2) FRANCHISEE is responsible for hiring, training and supervising its JOHNNY ROCKETS Mobile Kitchen employees. All personnel employed by FRANCHISEE at the JOHNNY ROCKETS Mobile Kitchen shall maintain such standards of sanitation and cleanliness as set forth in the Manuals or specified in writing by FRANCHISOR from time to time. FRANCHISEE shall staff the Mobile Kitchen with no less than six (6) employees, including Managers and assistant managers, at all times that the Mobile Kitchen is open for business to the Public. None of FRANCHISEE's employees will be considered to be FRANCHISOR'S employees and FRANCHISEE will never contend otherwise. FRANCHISEE expressly agrees, and will never contend otherwise, that FRANCHISOR does not have the direct or indirect power to hire, fire or control any of FRANCHISEE's employees. Neither FRANCHISEE nor any of its employees whose compensation FRANCHISEE pays may in any way, directly or indirectly, expressly or by implication, be construed to be FRANCHISOR's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. FRANCHISEE expressly agrees, and will never contend otherwise, that FRANCHISOR's authority under this Agreement does not directly or indirectly vest in FRANCHISOR the power to hire, fire or control any of FRANCHISEE's employees.

(3) FRANCHISEE is responsible for hiring qualified drivers for the Mobile Kitchen that have a valid driver's license to lawfully operate vehicles that are the size and type of vehicle as the Mobile Kitchen.

(4) No person other than FRANCHISEE or an authorized, fully trained employee of FRANCHISEE may operate the JOHNNY ROCKETS Mobile Kitchen. Use of the Mobile Kitchen by an unauthorized person shall be grounds for termination of this Agreement by FRANCHISOR.

(5) FRANCHISEE or one of its Owners, officers, directors or Control Person must be personally involved in the operation of the JOHNNY ROCKETS Mobile Kitchen and shall devote sufficient time and attention to the performance of his duties hereunder. Failure to do so shall constitute a breach of this Agreement. Upon receipt of a request by FRANCHISOR, FRANCHISEE shall provide FRANCHISOR with adequate evidence that this obligation is being fulfilled.

(6) FRANCHISEE or a Manager (including a Control Person) shall assume responsibility for the day-to-day management and operation of the JOHNNY ROCKETS Mobile Kitchen, oversight of the preparation of food products and supervision of personnel. FRANCHISEE may designate any number of

assistant managers. At all times during open and operating hours of the JOHNNY ROCKETS Mobile Kitchen, either FRANCHISEE or one of its Owners, officers or directors, a Manager or an assistant manager shall be physically present at and actively supervising the operation of the JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE may replace any Manager or assistant manager at any time provided that FRANCHISEE's new Manager or assistant manager immediately completes FRANCHISOR's training program as described in Section 7.A.(1) of this Agreement.

H. Computer Hardware and Software

(1) Point of Sale System. FRANCHISEE shall purchase, use and maintain the point of sale cash collection system, including all related hardware and software, ("POS System") as specified in the Manuals or otherwise by FRANCHISOR in writing for use in connection with the JOHNNY ROCKETS Mobile Kitchen. Upon at least ninety (90) days prior written notice, FRANCHISOR may require FRANCHISEE to computerize the POS System (including, purchasing all related hardware and software). The POS System must be connected to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by FRANCHISOR) for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering and maintaining the POS System. FRANCHISEE's Mobile Kitchen must also meet and maintain Payment Card Industry (PCI) Data Security Standard (DSS) compliance. FRANCHISOR may require FRANCHISEE to upgrade the POS System hardware and/or software from time to time upon written notice. Within a reasonable time upon FRANCHISOR's request, FRANCHISEE shall accept gift cards, debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase authorized products via such procedure, as specified by FRANCHISOR, and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. FRANCHISEE's POS system must allow FRANCHISOR to poll FRANCHISEE's sales on a daily basis and allow FRANCHISOR to make electronic fund transfers of the Weekly Royalty Fee, Weekly Marketing Fee and any other fees due and payable by FRANCHISEE. FRANCHISEE must purchase a maintenance, repair, upgrade or updated service contract for its POS System.

(2) Computer System. In addition to the POS System, FRANCHISEE shall purchase, use and maintain a personal computer system ("Computer System") as specified in the Manuals or otherwise by FRANCHISOR in writing for use in connection with the JOHNNY ROCKETS Mobile Kitchen. FRANCHISOR may designate certain computer software to be used in the operation of JOHNNY ROCKETS Mobile Kitchens. FRANCHISOR may require FRANCHISEE to maintain an e-mail account and connect the Computer System to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by FRANCHISOR). FRANCHISEE shall obtain all software and hardware, including digital still and video cameras, as FRANCHISOR may specify to enable FRANCHISEE to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the Mobile Kitchen, and FRANCHISEE shall, from time to time, upon FRANCHISOR's request transmit digital photos and real time video and audio signals of the Mobile Kitchen to, and in the form and manner prescribed by, FRANCHISOR. FRANCHISEE shall purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as FRANCHISOR may from time to time require. FRANCHISEE shall permit FRANCHISOR to access the Computer System and the files stored therein via any means specified, including electronic polling communications.

(3) Proprietary Software. If FRANCHISOR designates certain computer software ("Proprietary Software") that is owned or licensed by FRANCHISOR to be used in the operation of the POS System and/or Computer System, FRANCHISEE shall, at FRANCHISOR's request, license or sublicense such software from FRANCHISOR or its designee and enter into a software (sub) license agreement on FRANCHISOR's or such designee's then-current form. From time to time, FRANCHISEE shall purchase any upgrades, enhancements or replacements to the Proprietary Software. FRANCHISEE must incorporate any

required modifications or additions within thirty (30) days after receiving written notice from FRANCHISOR, unless a longer time period is stated in the notice. FRANCHISOR may provide to FRANCHISEE, for a reasonable fee, such support services relating to the Proprietary Software, as FRANCHISOR deems advisable.

(4) Johnny Rockets Management System.

FRANCHISEE must use any management system or management software FRANCHISOR designates. FRANCHISEE may be required to pay FRANCHISOR, an affiliate of FRANCHISOR or any third party designated by FRANCHISOR a fee in connection with the management system or management software. Currently, FRANCHISOR has developed a management software system called Portal Solution (www.jrportal.com), which provides for inventory control, cost control, purchasing tracking, and statistical, forecasting and communications programs. (the "JR Portal") FRANCHISEE may, but is not required to, use the Portal Solution. FRANCHISOR may charge for support services when performed.

In the alternative, or until Portal Solution is fully available, FRANCHISEE may elect to use the MenuLink (boa.menulink.net) (the "MenuLink") subject to the following:

(a) FRANCHISOR has developed a management software system known as the MenuLink. From time to time FRANCHISOR may provide information to FRANCHISEE regarding the MenuLink. All such information is proprietary to the FRANCHISOR and shall not be disclosed to third parties by FRANCHISEE. The scope of the MenuLink includes a general ledger accounting program, inventory and cost control programs, purchasing and re-order programs, statistical and forecasting programs, and communication programs. The MenuLink may be supplemented or modified by FRANCHISOR from time to time.

(b) At such time as FRANCHISEE begins using the MenuLink, FRANCHISEE must purchase the necessary software and hardware from FRANCHISOR at FRANCHISOR's cost without mark-up, if FRANCHISOR offers the equipment for sale to FRANCHISEE. In the alternative, FRANCHISEE may purchase the recommended hardware and software for MenuLink from a supplier approved by FRANCHISOR. Nothing in this Agreement shall require the FRANCHISOR to offer such equipment or software for sale to FRANCHISEE.

(c) In the event that FRANCHISEE chooses to use the MenuLink, FRANCHISEE will be provided with either the MenuLink or information concerning the MenuLink for use by FRANCHISEE only in connection with operating the JOHNNY ROCKETS Mobile Kitchen licensed by this Agreement and complying with the accounting, record-keeping and reporting requirements of this Agreement. FRANCHISEE shall not use the MenuLink or information relating thereto for any other purpose whatsoever. FRANCHISEE shall not duplicate the MenuLink or any portion thereof and, upon the expiration or earlier termination of this Agreement, FRANCHISEE shall immediately return the MenuLink and all related documentation to FRANCHISOR.

(5) Gift Card Program. FRANCHISEE agrees that it must participate in any electronic gift card program designated by FRANCHISOR. FRANCHISEE further agrees that it will be required to purchase gift cards and equipment in connection with its participation in FRANCHISOR's gift card program.

I. Cooperation

FRANCHISEE shall cooperate with FRANCHISOR in taking any action or refraining from taking any action which, in the judgment of FRANCHISOR, is necessary or desirable to protect the Johnny Rockets System or the Marks or to promote and enhance the service provided by the JOHNNY ROCKETS Mobile Kitchen or the image of the JOHNNY ROCKETS Mobile Kitchen in the community.

J. Standard Menu Format

A standard menu format to be supplied by FRANCHISOR to FRANCHISEE is required by FRANCHISOR and shall be used by FRANCHISEE. The standard menu format provided by FRANCHISOR may differ slightly from the menu format FRANCHISOR provides to other franchisees. Specifically, the menu items offered from FRANCHISEE's Mobile Kitchen may vary from those offered at other franchisees' mobile kitchens or restaurants depending on the size and location of FRANCHISEE's Mobile Kitchen. FRANCHISOR may change the standard menu format at any time and from time to time. Any changes in the menu format by FRANCHISEE must be accepted in writing by FRANCHISOR prior to its use by FRANCHISEE and such acceptance may be withheld by FRANCHISOR. FRANCHISEE agrees to indemnify and hold FRANCHISOR, its shareholders, directors, officers, employees and agents harmless from and against any and all loss, damage, cost or expense, including attorneys' fees, resulting from any change FRANCHISEE makes in the standard menu or for any deviation of products from the descriptions contained in FRANCHISOR's accepted menu. FRANCHISOR may decide that the standard menu format may contain advertising references to other JOHNNY ROCKETS Mobile Kitchens. Notwithstanding the foregoing, prices, which will appear on the menus, shall be established exclusively by FRANCHISEE. FRANCHISOR's right to accept or reject the menu format shall not apply to acceptance of the prices at which any products are sold. FRANCHISOR may, in accordance with applicable law, suggest prices for the menu items and other products and services. FRANCHISOR has the right to modify the standard menu format which will give it the right to establish prices, both minimum and maximum. Any such modification will be in writing unless we so modify our standard menu format, and any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us. FRANCHISEE shall advertise, sell and serve all and only those authorized products and menu items at or from the JOHNNY ROCKETS Mobile Kitchen as specified by FRANCHISOR from time to time in the Manuals, or as otherwise directed by FRANCHISOR in writing, for sale at the JOHNNY ROCKETS Mobile Kitchen.

K. Trade Accounts

FRANCHISEE agrees to maintain its trade accounts in a current status and to seek to resolve any disputes with trade suppliers within thirty (30) days. Should FRANCHISEE not so maintain its trade accounts, FRANCHISOR may, after prior reasonable notice, but shall not be required to, pay any and all such accounts on behalf of FRANCHISEE, in which event FRANCHISEE agrees to immediately repay FRANCHISOR such amounts in the manner provided by Section 11.D herein. Failure of FRANCHISEE to keep its trade accounts current or to make the immediate repayment to FRANCHISOR specified herein shall constitute a default under this Agreement.

L. Compliance with Laws

FRANCHISEE shall operate the JOHNNY ROCKETS Mobile Kitchen in strict compliance with all applicable laws, rules, and regulations of duly constituted governmental authorities, including, but not limited to, all requirements of the Americans with Disabilities Act. FRANCHISEE shall be solely responsible for and shall, prior to opening and during the operation of the JOHNNY ROCKETS Mobile Kitchen, or within such shorter period as required by law, procure and maintain all necessary permits and licenses required for the operation of the JOHNNY ROCKETS Mobile Kitchen. All costs that may be incurred in order to maintain and implement such strict compliance with laws, rules and regulations and to procure and maintain such permits and licenses shall be borne by FRANCHISEE at his sole expense.

M. Payment of Taxes

FRANCHISEE shall be responsible for the payment of all taxes on its real and personal property, leasehold improvements, fixtures and equipment related to its JOHNNY ROCKETS Mobile Kitchen, and any

and all sales, payroll, withholding and other taxes and Worker's Compensation and Unemployment Insurance payments promptly when due and hold FRANCHISOR harmless therefrom. All such taxes shall be paid directly to the taxing authorities prior to the delinquent date. If the amounts of such taxes become delinquent, FRANCHISOR may, after prior reasonable notice, elect on behalf of FRANCHISEE to pay the same, together with penalties and interest, if any, and FRANCHISEE agrees to immediately repay FRANCHISOR such amounts in the manner provided in Section 11.D. herein.

FRANCHISEE also will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes that may be imposed on FRANCHISOR as a result of its receipt or accrual of the Initial Franchise Fee, Weekly Royalty Fee, Weekly Marketing Fee, or other fees that are referenced in this Agreement, whether assessed against FRANCHISEE through withholding or other means or whether paid by FRANCHISOR directly. In either case, FRANCHISEE shall pay FRANCHISOR (and to the appropriate governmental authority) such additional amounts as are necessary to provide FRANCHISOR, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that FRANCHISOR would have received or accrued had such withholding or other payment, whether by FRANCHISOR or FRANCHISEE, not been required.

N. Uniforms

FRANCHISOR shall be entitled to prescribe standard uniforms and attire, including, but not limited to, restrictions on the wearing of facial hair, makeup and jewelry, for all JOHNNY ROCKETS Mobile Kitchen personnel of FRANCHISEE in order to enhance FRANCHISOR's product and format.

O. Vending Machines

No vending machines, amusement devices, video machines, ATMs or other money dispensing equipment or other devices of any nature, whether or not coin operated, shall be installed or used at the JOHNNY ROCKETS Mobile Kitchen without the prior written consent of FRANCHISOR.

P. Smoking

FRANCHISEE shall not allow any smoking in any part of any JOHNNY ROCKETS Mobile Kitchen, and employees, while in uniform, shall be prohibited from smoking outside the restaurant within the view of customers.

Q. Guest Satisfaction Programs

FRANCHISEE shall participate in such Guest Satisfaction, Customer Service, or similar programs that FRANCHISOR shall establish from time-to-time, which may require (among other things) making customer comment cards available in the JOHNNY ROCKETS Mobile Kitchen, distributing "call back" cards to selected guests, or other activities. If the costs of such programs are not borne by the advertising "Fund" (as defined below), FRANCHISEE shall pay the uniform fee set by FRANCHISOR from time-to-time (but in no event more than $200.00 per month per JOHNNY ROCKETS Mobile Kitchen) for the costs of the programs.

R. FRANCHISOR Promotional Programs

FRANCHISOR may, from time to time, establish special promotional programs by issuing promotional cards, such as "VIP Cards" or "Be My Guest Cards," whereby the holder of any such card is entitled to receive food and/or beverages at no cost. FRANCHISEE must accept any such card and FRANCHISOR agrees to reimburse FRANCHISEE for the full amount of the food or beverages provided by FRANCHISEE to the guest by accepting any such card.

S. Notice of Potential Profit

FRANCHISOR or its affiliates may from time to time make available to FRANCHISEE goods, products or services for use in FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen on the sale of which FRANCHISOR or its affiliates may make a profit. The price of such goods, products or services shall be the sellers' price then in effect. Further, FRANCHISOR or its affiliates may from time to time receive consideration from suppliers or manufacturers in respect to sales of goods, products or services to FRANCHISEE or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services provided by FRANCHISOR or its affiliates. FRANCHISEE agrees that FRANCHISOR or its affiliates are entitled to said profits and consideration.

T. Storage of the Mobile Kitchen

When the Mobile Kitchen is not in use, the Mobile Kitchen may not be parked on a public street or highway, but must be parked in a garage or in a private storage facility.

U. Cobranding

FRANCHISOR may determine from time to time to incorporate in the System programs, products or services which it either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen, along with other businesses, will be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Marks and may require FRANCHISEE to make modifications to its JOHNNY ROCKETS Mobile Kitchen's fixtures, equipment, signs and trade dress. If FRANCHISEE receives written notice that FRANCHISOR is instituting a cobranding program, FRANCHISEE agrees promptly to implement that program at its Mobile Kitchen at the earliest commercially reasonable time and to execute any and all instruments required to do so.

V. Privacy and Data Protection

FRANCHISEE must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information within FRANCHISEE's control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("Personal Information") in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("Privacy Laws"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by FRANCHISOR that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause FRANCHISOR to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing FRANCHISOR deems necessary in FRANCHISOR's business judgment to keep FRANCHISOR in compliance with the Privacy Laws; and (v) immediately report to FRANCHISOR the theft or loss of Personal Information (other than the Personal Information of FRANCHISEE's own officers, directors, shareholders, employees or service providers). FRANCHISEE must also comply with payment card industry ("PCI") standards, norms, requirements and protocols, including PCD Data Security Standards.

W. Adequate Reserves and Working Capital

FRANCHISEE must at all times maintain adequate reserves and working capital sufficient for it to fulfill all its obligations under this Agreement and to cover the risks and contingencies of the JOHNNY

ROCKETS Mobile Kitchen for at least three months. These reserves may be in the form of cash deposits or lines of credit.

7. SERVICES OF FRANCHISOR

In addition to the services of FRANCHISOR set forth elsewhere in this Agreement and provided that FRANCHISEE is not then in default under and has substantially complied with the terms and conditions of this Agreement or any other agreements between FRANCHISEE and FRANCHISOR, its parent or any affiliate, FRANCHISOR shall perform the following:

A. Training and Assistance

(1) Initial Training

(a) Prior to the opening of FRANCHISEE's first JOHNNY ROCKETS Mobile Kitchen, FRANCHISOR shall provide training in the operation of a JOHNNY ROCKETS Mobile Kitchen to FRANCHISEE (or, in the case where FRANCHISEE is a corporation or other legal entity, a principal or Control Person who has been approved in writing by FRANCHISOR) and one additional person designated by FRANCHISEE as the manager or assistant manager responsible for the operation of the JOHNNY ROCKETS Mobile Kitchen must attend such training. At FRANCHISEE'S option, up to two additional persons designated by FRANCHISEE as its Mobile Kitchen managers or assistant managers may also attend such training. FRANCHISEE must secure FRANCHISOR'S prior written approval for any and all attendees of FRANCHISOR's training, except for FRANCHISEE or FRANCHISEE'S Control Person. The manufacturer of the Mobile Kitchen will provide FRANCHISEE training with respect to the mechanical operation of the Mobile Kitchen. If this is FRANCHISEE's second or third Mobile Kitchen, FRANCHISOR will provide training to two persons designated by FRANCHISEE as the Manager and/or assistant managers of the second or third Mobile Kitchen. This training program and those described below will include a standard course of training covering the procedures necessary to operate a JOHNNY ROCKETS Mobile Kitchen. If FRANCHISEE has three (3) or more Mobile Kitchens, FRANCHISEE is responsible to train its Manager and/or assistant managers for such Mobile Kitchens, such training and the trainee's ability to properly operate a Mobile Kitchen upon completion of training is subject to FRANCHISOR's approval. Training will be conducted at a certified training location as designated by FRANCHISOR and will last for a period of up to three (3) days or as otherwise deemed appropriate by FRANCHISOR.

(b) FRANCHISEE is fully responsible for maintaining worker's compensation coverage on any trainee pursuant to the laws of the trainee's home state and the state in which the training occurs. FRANCHISEE also agrees to obtain and verify eligibility to work status at the training site and is fully responsible for all wages and compensation of the person being trained. FRANCHISEE shall bear the cost and expenses attributable to room and board, wages and other relevant benefits and compensation, travel and other personal expenses of such individuals.

(c) FRANCHISEE and each of its management personnel who participate in FRANCHISOR's initial training program shall diligently pursue such training program. Successful completion of such initial training program by all required attendees is a condition precedent to the opening of FRANCHISEE's first JOHNNY ROCKETS Mobile Kitchen to the public. Failure of FRANCHISEE, Owner or any Managers or assistant managers to complete such training in a manner satisfactory to FRANCHISOR shall allow FRANCHISOR to terminate this Agreement; provided however, in the event that any Manager or assistant manager of FRANCHISEE fails to complete FRANCHISOR's training program satisfactorily, FRANCHISEE shall have the option of sending one (1) other designated person accepted by FRANCHISOR to FRANCHISOR's training program in place of each such individual. The training of such replacement Manager or assistant manager constitutes additional training as more specifically described in Section 7.A.(2) of this

Agreement and FRANCHISEE is required to reimburse FRANCHISOR for its cost of such additional training as provided therein.

(2) **Additional Training.** If, at any time after the opening of the JOHNNY ROCKETS Mobile Kitchen, FRANCHISOR determines that FRANCHISEE requires additional training or FRANCHISEE hires an additional or replacement Manager or assistant manager and FRANCHISOR determines that FRANCHISEE is unable to adequately train such Manager or assistant manager, FRANCHISOR may require that FRANCHISEE or such Manager or assistant manager satisfactorily complete such training as may be designated by FRANCHISOR. Should FRANCHISEE at any time desire that FRANCHISOR train additional persons, including any replacement Manager or assistant manager designated by FRANCHISEE to complete the training required at Section 7.A.(1) above, and FRANCHISOR consents to such training, or should FRANCHISOR require that a Manager or assistant manager complete FRANCHISOR's training program as provided for in this Section 7.A.(2), FRANCHISEE shall pay all salary, wages and total compensation benefits, travel and lodging for such person during such training and reimburse FRANCHISOR for its costs of such training in the amount of Three Thousand Dollars ($3,000) for each individual.

(3) **Delays in Training.** In the event FRANCHISEE schedules any training and subsequently delays or reschedules such training, FRANCHISEE will be responsible to pay FRANCHISOR for any costs and expenses incurred by FRANCHISOR as a result of the delay or rescheduling.

(4) **Opening Assistance.** Immediately before and after the opening of the JOHNNY ROCKETS Mobile Kitchen, FRANCHISOR shall provide, at FRANCHISOR's expense, one (1) operational representative for a period of up to five (5) days before opening and five (5) days after opening or as otherwise deemed necessary by FRANCHISOR for a Mobile Kitchen.

(5) **"Serve Safe" Training.** In addition to the requisite initial training program described above, prior to the opening of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen, there is a one (1) day "Serve Safe" training, which is provided by a third party "Serve Safe" training provider, that is required to be completed by anyone classified as a Control Person or anyone in a management position.

B. Inspections

(1) FRANCHISOR shall inspect the JOHNNY ROCKETS Mobile Kitchen from time to time to enhance uniformity and quality control. FRANCHISOR's personnel or designated agents or representatives shall have the right to enter the JOHNNY ROCKETS Mobile Kitchen at any reasonable time and from time to time for the purpose of examination, taking pictures, making a video, conferences with FRANCHISEE or its employees, inspection of the operation and testing of the products and items sold from the JOHNNY ROCKETS Mobile Kitchen and for all other purposes in connection with a determination that the JOHNNY ROCKETS Mobile Kitchen is being operated in accordance with the terms of this Agreement, the Manuals and other applicable rules of FRANCHISOR.

(2) FRANCHISEE specifically authorizes FRANCHISOR to permit FRANCHISOR's personnel or designated agents or representatives in the JOHNNY ROCKETS Mobile Kitchen to monitor the operation of the cash registers and accounting computers in the JOHNNY ROCKETS Mobile Kitchen for such periods of time as FRANCHISOR may determine to be necessary. FRANCHISOR shall notify FRANCHISEE in writing of any defects, deficiencies or unsatisfactory conditions discovered at the JOHNNY ROCKETS Mobile Kitchen, and FRANCHISEE agrees to immediately commence to correct or repair any such conditions discovered at the JOHNNY ROCKETS Mobile Kitchen by FRANCHISOR's personnel immediately upon being advised of same and thereafter diligently pursuing such correction or repair to completion.

(3) If FRANCHISEE fails to comply with the foregoing obligation to correct or repair any condition at the JOHNNY ROCKETS Mobile Kitchen within the time specified by FRANCHISOR, FRANCHISOR, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 18 of this Agreement, shall have the right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses thereof, including meals, lodging, wages and transportation for FRANCHISOR's personnel inspecting the JOHNNY ROCKETS Mobile Kitchen, if so utilized, shall be promptly reimbursed by FRANCHISEE to FRANCHISOR upon request by FRANCHISOR.

(4) Should any deficiency or unsatisfactory condition be reported more than once within any thirty (30) day period or three (3) times in any twelve (12) month period, FRANCHISOR shall have the right, in addition to all other available rights and remedies, to place a representative in charge of all operations of the JOHNNY ROCKETS Mobile Kitchen for a period of up to thirty (30) days in each such instance, and the wages and expenses of meals, lodging and transportation for said representative, which shall be commensurate with that provided for managers of other JOHNNY ROCKETS Mobile Kitchens, shall promptly be reimbursed by FRANCHISEE upon request by FRANCHISOR.

C. Products, Supplies and Materials

(1) In order to protect and maintain the reputation and goodwill of the Johnny Rockets System and the Marks, FRANCHISOR shall require that all supplies, equipment, furnishings and fixtures conform to specifications and quality standards reasonably established by FRANCHISOR from time to time, and shall be purchased from suppliers accepted in writing by FRANCHISOR. Except for instances where FRANCHISOR has designated a Single Source as set forth in Sections 6.B and 6.C, if FRANCHISEE proposes to use in the operations of its JOHNNY ROCKETS Mobile Kitchen any product, supply, material, equipment or furnishing not theretofore accepted by FRANCHISOR as conforming to its specifications and quality standards and/or from a previously approved supplier or distributor not theretofore accepted by FRANCHISOR as a supplier to Johnny Rockets franchisees, FRANCHISEE shall first so notify FRANCHISOR in writing. FRANCHISEE shall submit to FRANCHISOR, upon request, sufficient specifications, photographs and/or other information or samples for examination and/or testing and for a determination by FRANCHISOR of whether such product, supply or material and/or such supplier meets FRANCHISOR's specifications and standards as set forth in the Manuals or as set forth in writing by FRANCHISOR from time to time, which determination shall be reasonably made and communicated to FRANCHISEE within a reasonable time period. If FRANCHISOR does not respond to FRANCHISEE's request within ninety (90) days, FRANCHISOR shall be deemed to have denied FRANCHISEE's request.

(2) FRANCHISOR may require as a condition to approval of any supplier that such supplier include FRANCHISOR and FRANCHISEE as additional named insureds on such supplier's product liability insurance. FRANCHISOR shall also have the right to require that its representatives be permitted to inspect such supplier's facilities. FRANCHISOR reserves the right, at its option, to re-inspect the facilities and products of any accepted supplier and to revoke its approval upon the supplier's failure to continue to meet FRANCHISOR's criteria and specifications. The supplier must meet applicable federal, state and local regulatory requirements as well as certain facility, pest control, product specifications, quality assurance, employee good manufacturing practices, sanitation, bacteriological, storage, records, product recall and other standards imposed by FRANCHISOR. As conditions for acceptance of any new supplier or distributor, (a) FRANCHISEE shall reimburse FRANCHISOR for all excessive or unusual costs and expenses reasonably incurred by FRANCHISOR in connection with any such examination, testing or inspection, including travel and lodging expenses incurred where FRANCHISOR deems it necessary to visit a supplier's facilities, and (b) any new supplier or distributor must provide adequate evidence that it is willing and able to supply at least seventy-five percent (75%) of all domestic JOHNNY ROCKETS Mobile Kitchens.

(3) Nothing contained herein shall be deemed to require FRANCHISOR to accept an inordinate number of suppliers for a given item or approve suppliers where such approval, in the reasonable judgment of FRANCHISOR, would result in higher costs generally to FRANCHISOR's franchisees or prevent the effective and economical supervision of its approved suppliers by FRANCHISOR.

(4) FRANCHISOR shall make available to FRANCHISEE, upon request, a list of suppliers, distributors and manufacturers, if any, that have been approved by the FRANCHISOR.

(5) FRANCHISOR shall not be liable to FRANCHISEE or any other person for its failure to make available any products, equipment, materials or supplies as provided for in this Section 7.C or any delay in connection with the delivery thereof where such failure or delay is caused by an act of God, war conditions, an act of terrorism, governmental regulations or actions, embargo, fire, floods, strikes or other labor troubles, or, without limitation by reference any other cause not directly under FRANCHISOR's control including any act or omission of any third party.

D. Internet

(1) FRANCHISOR has established and will maintain the "FRANCHISOR Web site." The FRANCHISOR Web site is one or more series of inter-connected "pages" on the World Wide Web portion of the Internet. The "World Wide Web" is the portion of the Internet that features graphics-rich pages using the HTTP and HTML protocols; the "Internet" is any means of electronic communication that employs inter-connected computer networks to communicate information, of any kind, by fiber optics, wire, radio or other methods of transmission, including the myriad of computers, telecommunications facilities and similar means, both equipment and software, that comprise the interconnected worldwide network of networks that employ the TCP/IP (Transmission Control Protocol/Internet Protocol) or any predecessor or successor protocols to that protocol.

The FRANCHISOR Web site may, among other things, facilitate orders, provide information about the System and the products and services that are offered at JOHNNY ROCKETS Mobile Kitchens and Restaurants. FRANCHISOR has sole control over the design and content of FRANCHISOR's Web site. FRANCHISOR may, at its sole option, from time to time, without prior notice to FRANCHISEE: (i) change, revise, or eliminate the design, content and functionality of FRANCHISOR's Web site; (ii) make operational changes to FRANCHISOR's Web site; (iii) change or modify the "URL" (which is the uniform resource locator, the unique address assigned to each page of a Web site) and/or domain name of FRANCHISOR's Web site; (iv) substitute, modify, or rearrange FRANCHISOR's Web site, at FRANCHISOR's sole option, including in any manner that FRANCHISOR considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to FRANCHISOR's Web site; and (vi) disable or terminate FRANCHISOR's Web site without any liability to FRANCHISEE.

FRANCHISEE is prohibited from separately registering or using any domain name or email address or establishing, participating in or otherwise maintaining a presence or advertise on the Internet, through social media or in any other mode of electronic commerce; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, social media or electronic commerce presence which in whole or in part incorporates the name "JOHNNY ROCKETS," any JOHNNY ROCKETS logo, or any name or logo confusingly similar thereto. We alone have the right, but not the obligation, to establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System.

(2) FRANCHISOR's Web site may include one or more interior pages that identify JOHNNY ROCKETS Mobile Kitchens, by among other things, geographic region, address, telephone numbers,

and other appropriate matters. FRANCHISOR's Web site may also include one or more interior pages dedicated to franchise sales by FRANCHISOR and/or relations with FRANCHISOR's investors.

(3) FRANCHISOR may, at its option, establish and maintain, either a series of "private" pages on FRANCHISOR's Web site or its JR Portal (a private method of communication for use only by employees and franchisees of FRANCHISOR that transmits information over the Internet, but require a password to access data on the servers used by FRANCHISOR) through either of which FRANCHISOR, franchisees of FRANCHISOR, and their respective employees may communicate with each other, and through which FRANCHISOR may disseminate the Manual, updates thereto and other confidential information. FRANCHISOR shall have sole control over all aspects of the JR Portal, including the content and functionality thereof. FRANCHISOR will have no obligation to maintain the JR Portal indefinitely, and may dismantle it at any time without liability to FRANCHISEE.

FRANCHISEE shall have the privilege to use the JR Portal, subject to FRANCHISEE's strict compliance with the standards and specifications, protocols and restrictions (collectively, the "Franchisor Protocols") that FRANCHISOR may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) communications between or among franchisees that endorse or encourage breach of any FRANCHISEE's Franchise Agreement; (iii) confidential treatment of materials that FRANCHISOR transmits via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for FRANCHISOR's suspending or revoking a FRANCHISEE's access to the JR Portal; and (vi) a privacy policy governing FRANCHISOR's access to and use of electronic communications that FRANCHISEE or other franchisees' post to the JR Portal. FRANCHISEE acknowledges that, as administrator of the JR Portal, FRANCHISOR can technically access and view any communication that any person posts on the JR Portal. FRANCHISEE further acknowledges that the JR Portal facility and all communications that are posted to it will become FRANCHISOR's property, free of any claims of privacy or privilege that FRANCHISEE or any other person may assert.

(4) FRANCHISOR may Link FRANCHISOR's Web site to the Web sites of third parties, including electronic service providers, FRANCHISOR's affiliates, and other providers of goods and services. FRANCHISOR may also permit third parties to Link (including so-called "Deep Links" to any interior page of FRANCHISOR's Web site that bypass the main page of FRANCHISOR's Web site) and may "frame" FRANCHISOR's Web site (a "frame" is a feature that, when used in conjunction with certain browsers, allows visitors to a Web site to view content from other Web sites without actually leaving the first page). FRANCHISOR may place legal notices, disclaimers, FRANCHISOR's corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on FRANCHISOR's Web site, all of which may be modified, expanded, or eliminated at FRANCHISOR's option. Further, FRANCHISOR may establish or participate in programs whereby FRANCHISOR refers end-users to other Web sites, or FRANCHISOR receives referrals from other Web sites. All consideration (monetary and non-monetary) received by FRANCHISOR on account of the placement or sale of advertisements, endorsements, and sponsorships on FRANCHISOR's Web site, and all consideration (monetary and non-monetary) received by FRANCHISOR on account of affiliate programs, will belong only to FRANCHISOR. FRANCHISOR may also establish programs that encourage repeat business by end-users.

(5) If FRANCHISEE breaches this Agreement or any other agreement with FRANCHISOR or its affiliates, FRANCHISOR may disable or terminate FRANCHISEE's access to the JR Portal without FRANCHISOR having any liability to FRANCHISEE, and in which case FRANCHISOR shall only be required to provide FRANCHISEE a paper copy of the Manual and any updates thereto, if none have been previously provided to FRANCHISEE, unless FRANCHISEE is not otherwise entitled to the Manual. Without limiting FRANCHISOR's general unrestricted right to permit, deny and regulate FRANCHISEE's participation on

FRANCHISOR's Web site, if FRANCHISEE breaches this Agreement, or any other agreement with FRANCHISOR or its affiliates, FRANCHISOR may remove all references to the FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen on FRANCHISOR's Web site until the breach is cured.

(6) FRANCHISOR has no control over the stability or maintenance of the Internet generally; as a result, FRANCHISOR is not responsible for damage or loss caused by errors of the Internet. Furthermore, FRANCHISOR is not liable for any direct, indirect, special, incidental, exemplary or consequential damages arising out of the use of, or the inability to use, FRANCHISOR's Web site or the Internet, including loss of profits, goodwill, or savings; downtime; or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

E. Pricing

(1) Because enhancing JOHNNY ROCKETS' interbrand competitive position and consumer acceptance for JOHNNY ROCKETS' programs, products and services is a paramount goal of FRANCHISOR and its franchisees, and because this objective is consistent with the long term interest of the System overall, FRANCHISOR may exercise rights with respect to the pricing of programs, products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation):

(a) Prescribing the maximum and/or minimum retail prices which FRANCHISEE may charge customers for the programs, products and/or services offered and sold at its JOHNNY ROCKETS Mobile Kitchen;

(b) Recommending retail prices;

(c) Advertising specific retail prices for some or all programs, products or services sold by FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen, which prices FRANCHISEE will be compelled to observe (colloquially referred to as "price point advertising campaigns");

(d) Engaging in marketing, promotional and related campaigns which FRANCHISEE must participate in and which may directly or indirectly impact FRANCHISEE's retail prices (such as "buy one, get one free"); and,

(e) Otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen may charge the public for the programs, products and services it offers.

FRANCHISOR may engage in any such activity either periodically or throughout the Term of this Agreement. Further, FRANCHISOR may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. FRANCHISEE acknowledges and agrees that any maximum, minimum or other prices FRANCHISOR prescribes or suggests may or may not optimize the revenues or profitability of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen and FRANCHISEE irrevocably waives any and all claims arising from or related to FRANCHISOR's prescription or suggestion of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen's retail prices.

8. INSURANCE

FRANCHISEE shall secure and maintain insurance coverage for "all operations" of FRANCHISEE, including property coverage, general liability and products liability, with insurance carriers acceptable to FRANCHISOR and in accordance with FRANCHISOR's current insurance requirements as set forth in this

Section 8 or as otherwise provided from time to time in the Manuals, including a waiver by the insurer of any right of subrogation. The required insurance policies must be provided by an insurer having a minimum A.M. Best's rating of A-, VII, and must include, at a minimum, the following: comprehensive general liability insurance including coverage for personal injury on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate and coverage of products/completed operations with a limit of not less than $2,000,000 in the aggregate, with Umbrella (Excess) Liability coverage (following form) of not less than $5,000,000 per occurrence (Umbrella Liability coverage must include coverage over General Liability, Product Liability, Auto Liability and Employer's Liability); automobile liability insurance covering the Mobile Kitchen and all owned, rented and non-owned automobiles in the amount of $1,000,000; $50,000 fire damage legal; workers' compensation (statutory coverage); and employer's liability coverage at statutory limits for $1,000,000 per accident, $1,000,000 disease (policy limit) and $1,000,000 disease (per person limit). Additionally, FRANCHISEE must obtain property insurance coverage which must include "all risk" physical damage insurance, including sprinkler leakage, for the full replacement cost of all additions, improvements and alterations to the Mobile Kitchen and all of the furniture, fixtures and equipment, Stock and all other property items located at the Mobile Kitchen. The coverage shall commence when FRANCHISEE first takes possession of the Mobile Kitchen and include coverage for such risks, and in such amounts, and subject to such policy limits and deductible amounts as FRANCHISOR shall determine from time to time. FRANCHISEE also shall carry such Workers' Compensation insurance as may be required by applicable law. In the event FRANCHISEE is approved to sell and does sell alcohol at the Mobile Kitchen, FRANCHISEE shall carry liquor liability coverage under its comprehensive general insurance.

At least ten (10) days prior to FRANCHISEE taking possession of the Mobile Kitchen, FRANCHISEE must provide FRANCHISOR with a Certificate of Insurance that verifies that FRANCHISEE's insurance policy meets or exceeds the coverage specifications and requirements noted above, including the requirement that FRANCHISOR and The Johnny Rockets Group, Inc. are named as additional insureds. All policies shall be primary and non-contributing and provide FRANCHISOR with at least thirty (30) days' written notice of cancellation or termination of coverage. FRANCHISOR reserves the right to specify reasonable changes in the types and amounts of insurance coverage required by this Section 8. Should FRANCHISEE fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to FRANCHISOR or to maintain it throughout the term of this license or any renewal thereof, FRANCHISOR may, but shall not be obligated to, procure such coverage for FRANCHISEE, in which event FRANCHISEE agrees to pay the required premiums and/or to reimburse FRANCHISOR therefore in the manner provided by Section 11.D herein. Failure to maintain the required insurance or to promptly reimburse FRANCHISOR for any premiums paid on behalf of FRANCHISEE by FRANCHISOR shall constitute a default under this Agreement.

9. ADVERTISING

A. Advertising Fund

(1) Weekly Marketing Fee

(a) Subject to Section 9.A.(1)(b) below, commencing on the date FRANCHISEE opens for business and continuing during the Initial Term of this Agreement and all subsequent renewals, FRANCHISEE shall pay to FRANCHISOR a weekly marketing fee ("Weekly Marketing Fee") in an amount specified by FRANCHISOR not to exceed four percent (4%) of Weekly Gross Sales (as defined in Section 12.A of this Agreement). Such contribution shall be payable by FRANCHISEE to FRANCHISOR for the same period as and together with the Weekly Royalty Fee. In addition to any other rights FRANCHISOR may have under this Agreement, if FRANCHISEE fails to pay the Weekly Marketing Fee, FRANCHISEE will not receive any marketing materials from FRANCHISOR until FRANCHISEE comes current with its Weekly Marketing Fee payments. All Weekly Marketing Fees collected from FRANCHISEE and all other franchisees similarly

situated to FRANCHISEE and all Mobile Kitchens owned by FRANCHISOR or its affiliates shall be deposited into a separate account controlled by FRANCHISOR ("Fund"). FRANCHISOR shall comply with the reporting requirements set forth in Section 9.C of this Agreement.

(b) FRANCHISOR shall have the right, from time to time, upon thirty (30) days' prior written notice, to suspend and/or to reinstate collection of Weekly Marketing Fees, and to vary the amounts payable by FRANCHISEE (but in no event shall such amount exceed four percent (4%) of Weekly Gross Sales) as FRANCHISOR deems appropriate.

B. Application of Weekly Marketing Fees

(1) As provided in Section 9.A of this Agreement, FRANCHISEE agrees to pay FRANCHISOR a Weekly Marketing Fee which, combined with the contributions made by all other JOHNNY ROCKETS franchisees, will constitute the Fund.

(2) FRANCHISOR will direct all advertising programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. FRANCHISEE acknowledges that the Fund is intended to further general public recognition and acceptance of the Marks for the benefit of the System. FRANCHISEE further acknowledges that FRANCHISOR and its designees undertake no obligation in administering the Fund to make expenditures for FRANCHISEE which are equivalent or proportionate to FRANCHISEE's contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. The Fund is not a trust and FRANCHISOR is not a fiduciary with respect to the Fund.

(3) The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): production and media; television, radio, cable, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations and promotional materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the JOHNNY ROCKETS website; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); celebrity endorsements; reviewing any advertising material FRANCHISEE proposes to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; conducting customer surveys and customer interviews; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; related retainers; social media programs on the internet; cellular telephone and smartphone media programs; other activities that FRANCHISOR in its business judgment believes appropriate to enhance, promote and/or protect the System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees.

(4) FRANCHISOR may but need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from its other funds, but FRANCHISOR may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. FRANCHISOR may, however, expend monies from the Fund for any reasonable administrative costs and overhead that FRANCHISOR may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund; and, otherwise devoting its personnel, resources and/or funds for the benefit of the Fund. FRANCHISOR's right to expend monies from the Fund to reimburse it for such activities is exclusive of any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency.

(5) FRANCHISOR expects to expend most contributions to the Fund for advertising during the fiscal year when the contributions are made. If FRANCHISOR expends less than the total sum available in the Fund during any fiscal year, it may either expend the unused sum during the following fiscal year or rebate all or a portion of the unused sum to franchisees on a pro rata basis for them to spend on local advertising and promotion. If FRANCHISOR advances and expends an amount greater than the amount available in the Fund in any fiscal year (in addition to any sum required to be expended because it did not expend all the sums in the Fund during the preceding year), FRANCHISOR will be entitled to reimburse itself from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which it advanced and expended any such sum).

C. Reports

Within a reasonable time following a written request from FRANCHISEE, FRANCHISOR shall deliver to FRANCHISEE a statement of all receipts and marketing and promotional expenditures of the Fund during the FRANCHISOR's fiscal year preceding the date of FRANCHISEE's request.

D. Grand Opening Publicity Support

Concurrent with the payment of the Initial Franchise Fee, FRANCHISEE must pay FRANCHISOR a Grand Opening Publicity Support Fee in an amount ranging from Five Thousand Dollars ($5,000.00) to Ten Thousand Dollars ($10,000.00), depending on the size and Operation Area of the Mobile Kitchen. FRANCHISOR will have the absolute right to determine FRANCHISEE's required Grand Opening Publicity Support Fee. The Grand Opening Publicity Support Fee will be used to pay for advertising, promotion, events and publicity purchased in support of the approved Grand Opening Publicity Plan for FRANCHISEE'S Mobile Kitchen. At least ninety (90) days prior to the scheduled opening of FRANCHISEE's Mobile Kitchen, FRANCHISEE must submit a Grand Opening Publicity Plan to FRANCHISOR for approval. The Grand Opening Publicity Support Fee paid by FRANCHISEE will be deposited in an account with other marketing fees. Upon our receipt of paid invoices from FRANCHISEE for approved promotion or publicity events pursuant to FRANCHISEE's Grand Opening Publicity Plan, FRANCHISEE will be reimbursed from its Grand Opening Publicity Support Fee. Any such paid invoices must be submitted for reimbursement no later than ninety (90) days after the opening of FRANCHISEE's Mobile Kitchen, or such invoices will not be reimbursed. Any amount of the Grand Opening Publicity Support Fee not paid to FRANCHISEE as a result of its failure to submit a paid invoice to us as required above, will be forfeited and paid into the Fund (as defined in Section 9.A.(1)(a)). All promotional, publicity and advertising material, including Internet advertising, must be approved by us before use.

E. Local Advertising

(1) In addition to paying the Weekly Marketing Fee, FRANCHISEE is required to spend during each calendar quarter two percent (2%) of its Weekly Gross Sales for local advertising, which may include advertising published in local newspapers and promotional merchandise distributed to the community. Such local advertising must include FRANCHISEE listing its JOHNNY ROCKETS Mobile Kitchen in the white pages and yellow pages of the authorized telephone company directories distributed in FRANCHISEE's area. All such advertising shall be conducted in a dignified manner and conform to the standards and requirements prescribed by FRANCHISOR from time to time and to the highest ethical standards of advertising.

(2) Unless provided to FRANCHISEE by FRANCHISOR, all local advertising, promotions or other forms of publicity to be employed by FRANCHISEE, which may include newspaper and radio advertisements, broadcast or cable television, signs, billboards, appearances by public figures, flyers, coupons and promotional merchandise in the form of watches, records, T-shirts, caps, buttons and similar items, shall be

submitted to FRANCHISOR for acceptance at least thirty (30) business days prior to use. No advertising, promotion or publicity shall be employed without the prior approval of FRANCHISOR, which approval may be withheld by FRANCHISOR. If any such advertising has not been expressly rejected by FRANCHISOR within said thirty (30) business days, it shall be deemed accepted. Notwithstanding the foregoing, if FRANCHISEE is unable to submit proposed advertising and promotional material thirty (30) business days prior to use, the FRANCHISOR may agree to review said material prior to use.

(3) FRANCHISEE shall submit to FRANCHISOR, within fifteen (15) days after the end of each calendar quarter, a computation of the amount FRANCHISEE was required to expend hereunder for advertising and promotion and the amount actually expended, attaching copies of all statements, invoices and checks issued during such calendar quarter by FRANCHISEE evidencing the expenditure of such sum for local advertising. Excess expenditures in any calendar quarter shall not reduce the amount required to be expended in any subsequent calendar quarter.

F. Co-Op Advertising Regions

FRANCHISOR may designate certain geographic areas for the purpose of establishing co-operative advertising programs to be participated in by all Johnny Rockets franchisees (both mobile kitchen franchisees and restaurant franchisees) within such geographic area ("Co-Op Advertising Region"). If and when FRANCHISOR creates a Co-Op Advertising Region for the geographic area in which the JOHNNY ROCKETS Mobile Kitchen is located, FRANCHISEE must participate in and sign any governing documents for such Co-Op Advertising Region. The Co-Op Advertising Region may require each member to contribute to the Co-Op Advertising Region a percentage of each member's Weekly Gross Sales not to exceed three percent (3%). Such contribution shall be used for a regional co-op advertising program or programs. All contributions made by FRANCHISEE to such Co-Op Advertising Region shall be credited against the minimum local advertising requirement set forth above. This fee is in addition to the other advertising fees set forth in this Agreement.

10. INDEMNIFICATION

A. FRANCHISEE and all guarantors of FRANCHISEE's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to FRANCHISOR), and hold harmless (to the fullest extent permitted by law) FRANCHISOR and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents, attorneys and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of FRANCHISEE's establishment, construction, opening and operation of its JOHNNY ROCKETS Mobile Kitchen, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the franchised JOHNNY ROCKETS Mobile Kitchen; crimes committed in or near its JOHNNY ROCKETS Mobile Kitchen or other vehicles used by FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen; all acts, errors, neglects or omissions engaged in by FRANCHISEE, its contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, outfitting, remodeling, renovation or upgrading of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen, whether or not any of the foregoing was approved by FRANCHISOR; defects in any JOHNNY ROCKETS Mobile Kitchen FRANCHISEE operates, whether or not discoverable by FRANCHISEE or by FRANCHISOR; all acts, errors, neglects or omissions of FRANCHISEE or the franchised JOHNNY ROCKETS Mobile Kitchen and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of FRANCHISEE or the franchised JOHNNY ROCKETS Mobile Kitchen (or any third party acting on FRANCHISEE's behalf or at its direction), whether in connection

with the franchised JOHNNY ROCKETS Mobile Kitchen or otherwise, including (without limitation) all liabilities arising from or related to its offer, sale and/or delivery of programs, products and/or services as contemplated by this Agreement; and, any action by any customer of FRANCHISEE or visitor to FRANCHISEE's JONNY ROCKETS Mobile Kitchen or any other facility of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen.

Specifically excluded from the indemnity FRANCHISEE gives hereby is any liability associated with FRANCHISOR's or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to FRANCHISEE).

FRANCHISEE agrees to give FRANCHISOR written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification within three days of FRANCHISEE's actual or constructive knowledge of it. At FRANCHISEE's expense and risk, FRANCHISOR may elect to assume (but under no circumstance will it be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, FRANCHISOR will seek FRANCHISEE's advice and counsel and keep FRANCHISEE informed with regard to the defense or contemplated settlements. FRANCHISOR's undertaking of such defense and/or settlement will in no way diminish FRANCHISEE's obligation to indemnify FRANCHISOR and the other Indemnitees and to hold us and them harmless.

FRANCHISOR will have the right, at any time it considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions it considers expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in FRANCHISOR's sole judgment, there are reasonable grounds to do so. Under no circumstance will FRANCHISOR or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate its or their losses to maintain a claim against FRANCHISEE. FRANCHISEE agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by FRANCHISOR or the other Indemnitees from FRANCHISEE. The indemnification obligations of this Section 10 will survive the expiration or sooner termination of this Agreement.

B. As used above, the phrase "claims, losses, liabilities and costs" includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to FRANCHISOR's reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnitees' attorneys and/or experts; all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by FRANCHISEE pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

11. PAYMENTS TO FRANCHISOR

In addition to all other payments provided for in this Agreement, FRANCHISEE shall pay FRANCHISOR promptly when due (or, in the case of Section 11.D below, upon demand by FRANCHISOR) the following:

A. Weekly Royalty Fee

A weekly royalty fee for the use of the Johnny Rockets System and the Marks ("Weekly Royalty Fee") in an amount equal to five percent (5%) of FRANCHISEE's "Weekly Gross Sales" as defined in Section 12.A. Royalties are calculated on a cumulative basis, but are paid weekly. Prior to opening for business, FRANCHISEE must sign an authorization form, provided by FRANCHISOR, allowing FRANCHISOR to transfer the payment of the Weekly Royalty Fee each week from FRANCHISEE's bank account to FRANCHISOR's bank account by electronic funds transfer ("EFT"). FRANCHISOR shall electronically poll FRANCHISEE's daily sales, and the amount of any such transfer shall be calculated by FRANCHISOR based upon the electronic polling.

B. Weekly Marketing Fee

The Weekly Marketing Fee described in Section 9.A above shall be paid to FRANCHISOR by EFT. Prior to opening for business, FRANCHISEE shall sign an authorization form, provided by FRANCHISOR, allowing FRANCHISOR to transfer the payment of the Weekly Marketing Fee each week from FRANCHISEE's bank account to FRANCHISOR's bank account by EFT. FRANCHISOR shall electronically poll FRANCHISEE's daily sales, and the amount of any such transfer shall be calculated by FRANCHISOR based upon the electronic polling.

C. Sales and Use Taxes

The amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid on account of goods or services furnished to FRANCHISEE by FRANCHISOR, whether such goods or services are furnished by sale, lease or otherwise.

D. Advances

All amounts, if any, advanced by FRANCHISOR or which FRANCHISOR has paid, or for which FRANCHISOR has become obligated on behalf of FRANCHISEE whether or not at FRANCHISEE's request, including any payments made on trade accounts and taxes as provided for in Section 6 of this Agreement and insurance as provided for in Section 8 of this Agreement. FRANCHISOR shall be under no obligation to make any such advances and any decision to do so shall be based upon FRANCHISOR's reasonable judgment.

E. Late Charge

FRANCHISEE agrees to pay FRANCHISOR, to compensate FRANCHISOR for its accounting, administrative costs and other damages reasonably expected to be incurred by FRANCHISOR with respect to any amounts payable to FRANCHISOR under Sections 11.A-D which are not received by FRANCHISOR within fifteen (15) days of the due date, a late charge equal to the greater of (1) ten percent (10%) of such payment for additional administrative costs incurred by FRANCHISOR, or (2) two hundred fifty dollars ($250.00), plus interest at the lower of the maximum rate permitted by law or fifteen percent (15%) from the date such payment was due until it is paid.

12. PAYMENT OF FEES; REPORTING REQUIREMENTS

A. Weekly Gross Sales

The term "Weekly Gross Sales" as used in this Agreement shall mean the total revenues derived by FRANCHISEE in and from its JOHNNY ROCKETS Mobile Kitchen during each one (1) week period (or portion thereof if the license term begins or ends during the middle of the week) from all sales of food,

beverages (including, if approved and permitted, beer and wine at the Mobile Kitchen), goods, wares, merchandise and all services made in, upon or from the JOHNNY ROCKETS Mobile Kitchen, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including such sales and services where the orders therefore originate at and are accepted by FRANCHISEE in the JOHNNY ROCKETS Mobile Kitchen, though delivery or performance thereof is made from or at any other place, or similar orders are received or billed at or from the JOHNNY ROCKETS Mobile Kitchen. Weekly Gross Sales will not include rebates or refunds to customers, revenues generated by promotional giveaways which are solely for the benefit of recognized charitable organizations and for which all profits generated thereby are received by said charitable organization, provided such sales do not exceed two percent (2%) of total sales, or the amount of any sales tax or other similar taxes that FRANCHISEE may be required to and does collect from customers and actually pays to any federal, state or local taxing authority.

B. Payment of Fees

(1) As additional consideration for the license, FRANCHISEE agrees to pay by EFT on or before Friday of each week, calculated upon the Weekly Gross Sales of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen during the immediately preceding calendar week (which week shall end each Sunday at 12 midnight) the Weekly Royalty Fee and Weekly Marketing Fee.

(2) FRANCHISEE shall deliver to FRANCHISOR any sales data reasonably requested by FRANCHISOR in the form, manner and frequency requested. Such data may include: (a) daily sales reporting forms and accompanying cash register tapes and (b) a copy of monthly state sales tax returns to be delivered to FRANCHISOR concurrently with the monthly profit and loss statement described at Section 12.C below.

(3) FRANCHISEE, or an Owner, officer, director or Control Person thereof or a Manager who has been approved of in writing by FRANCHISOR, shall be personally required to certify the completeness and accuracy of the accounting records, submit the financial statements and submit operating reports and sales figures with all Weekly Royalty Fees and Weekly Marketing Fees as provided in this Agreement.

C. Financial Statements

No later than thirty (30) days following the end of each four (4) week accounting period, FRANCHISEE shall provide FRANCHISOR with "compilation report" financial statements, including a statement of profit and loss and a balance sheet reflecting the financial condition of the JOHNNY ROCKETS Mobile Kitchen as of the last day of the preceding four (4) week accounting period prepared by FRANCHISEE, in the form specified by FRANCHISOR in the Manuals, and certified by FRANCHISEE or an Owner of FRANCHISEE to be true and correct. FRANCHISEE also shall deliver to FRANCHISOR within ninety (90) days of the end of FRANCHISEE's fiscal year, "review report" financial statements, including a balance sheet, a statement of profit and loss and a statement of changes in financial position prepared by FRANCHISEE's certified public accountant.

D. Tax Returns

FRANCHISEE shall submit to FRANCHISOR copies of FRANCHISEE's annual federal, state and city income and sales tax returns within twenty-one (21) days after filing, to the extent such returns relate to the JOHNNY ROCKETS Mobile Kitchen.

13. RECORDKEEPING AND ACCOUNTING

A. Use of Uniform System of Accounting

FRANCHISEE shall use, on a continuing basis and in the manner prescribed by FRANCHISOR, the MenuLink or another computerized management reporting system, which meets the criteria set forth from time to time by FRANCHISOR in the Manuals, to maintain the books and records of the JOHNNY ROCKETS Mobile Kitchen and FRANCHISEE's business pursuant to a uniform system of accounting. The components of the uniform system may be amended or supplemented from time to time by FRANCHISOR and include forms for reporting Weekly Gross Sales, the Weekly Royalty Fee and the Weekly Marketing Fee.

B. Records and Audits

FRANCHISEE shall maintain and preserve accurate books, records and tax returns, including related material, such as cash register tapes and invoices, for the JOHNNY ROCKETS Mobile Kitchen for at least five (5) years from the date such record is prepared. Such books, records, tax returns and supporting material shall be made available by FRANCHISEE for inspection, examination or audit by FRANCHISOR at all reasonable times and at such locations as may be designated by FRANCHISOR from time to time. Such examination or audit shall be at FRANCHISOR's expense unless it is disclosed that the total of Weekly Gross Sales submitted by FRANCHISEE for the period being inspected by FRANCHISOR is understated to the extent of one percent (1%) or more, in which case all costs and expenses related to such audit shall be borne by FRANCHISEE. FRANCHISEE shall immediately pay FRANCHISOR on demand any deficiency in Weekly Royalty Fee or Weekly Marketing Fee payments disclosed by such audit, together with: (1) interest at the lower of the maximum rate permitted by law or fifteen percent (15%) per annum, from the date such payments were originally due for payment to FRANCHISOR, and (2) a late fee equal to the greater of ten percent (10%) of the amount of fees so understated for additional administrative fees incurred by FRANCHISOR, or two hundred fifty dollars ($250.00). If FRANCHISEE fails to make such payment to FRANCHISOR within five (5) days of its receipt of FRANCHISOR's demand as described above, interest as described in (1) above shall also begin to accrue on the ten percent (10%) penalty fee referred to in (2) above. FRANCHISOR and its representatives shall not be responsible for failure to discover any defalcations during any audit or inspection of FRANCHISEE's accounting records. In the event any such defalcation is discovered by FRANCHISOR or its representatives, it will be promptly reported to FRANCHISEE.

14. TRANSFER

A. Transfer by FRANCHISOR

This Agreement is fully assignable by FRANCHISOR and inures to the benefit of any assignee or any other legal successor to the interest of FRANCHISOR. FRANCHISEE agrees to execute any forms that FRANCHISOR may reasonably request to effectuate any such transfer or assignment by FRANCHISOR.

B. Transfer by FRANCHISEE

(1) Restrictions on Transfer

This Agreement has been entered into by FRANCHISOR in reliance upon and in consideration of the individual or collective character, reputation, skill, attitude, business ability, and financial capacity of FRANCHISEE or, if applicable, its Owners who will actively and substantially participate in the development, ownership and operation of the JOHNNY ROCKETS Mobile Kitchen. Accordingly, except as permitted by Section 14.B.(3) neither FRANCHISEE nor any of FRANCHISEE's Owners shall cause or allow any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other

encumbrance, voluntarily or involuntarily, by operation of law or otherwise of any interest in FRANCHISEE, this Agreement, the license, or the JOHNNY ROCKETS Mobile Kitchen (collectively "Transfer") without (a) FRANCHISOR's prior written consent, which consent FRANCHISOR shall not unreasonably withhold (subject to conditions imposed pursuant to Section 14.B.(2) below), and (b) giving FRANCHISOR an opportunity to exercise its right of first refusal as described in Section 14.C below. Any attempt at such a Transfer without FRANCHISOR's approval and opportunity to exercise its right of first refusal shall constitute a breach of this Agreement and shall convey no right or interest in this Agreement.

As used in this Agreement the term "Transfer" shall also mean and include each of the following: (a) the Transfer by FRANCHISEE or its Owner(s) of more than 20% in the aggregate, whether in one or more transactions, of the assets, capital stock, membership interests or voting power of FRANCHISEE; (b) the issuance of any securities by FRANCHISEE, which itself or in combination with any other transaction(s), results in the Owners existing as of the Effective Date, owning less than 80% of the outstanding shares, membership interests or voting power of FRANCHISEE as constituted as of the Effective Date; (c) if FRANCHISEE is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner (each a "Partner") owning more than 20% of the voting power, property, profits or losses, or partnership interests of a Partner ("Partnership Rights"), or the admission of any additional general partner or the Transfer by any general partner of any of its Partnership Rights in the Partnership; (c) the death or legal incapacity of any Owner owning more than 20% of the capital stock, voting power of FRANCHISEE; or (d) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of FRANCHISEE, however effected.

(2) Conditions of Transfer. FRANCHISOR shall not unreasonably withhold its consent to any Transfer, provided, however, that prior to the time of Transfer, FRANCHISOR may require that the conditions specified below are met:

(a) All of FRANCHISEE's accrued monetary obligations to FRANCHISOR and all other outstanding obligations related to FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen shall have been satisfied;

(b) FRANCHISEE's right to receive compensation pursuant to any agreement or agreements for the purchase of any interest in FRANCHISEE or in its JOHNNY ROCKETS Mobile Kitchen shall be subordinated and secondary to FRANCHISOR's rights to receive any outstanding monetary obligations or other outstanding obligations due from FRANCHISEE pursuant to this Agreement or any other agreement between FRANCHISOR, its parent or any affiliate, and FRANCHISEE, whether arising before or after said Transfer;

(c) FRANCHISEE shall have executed a general release in a form satisfactory to FRANCHISOR and its parent and affiliates, effective as of the date of Transfer, of any and all claims against FRANCHISOR, and its parent and affiliates, and their respective officers, directors, shareholders, and employees, in their corporate and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances;

(d) The transferee franchisee shall enter into a written assumption agreement in a form satisfactory to FRANCHISOR, assuming and agreeing to discharge all of FRANCHISEE's obligations under this Agreement prior to and after the date of the assumption and to fully repair, refurbish, renovate, modernize and update the Mobile Kitchen and the equipment and signs therein, in accordance with FRANCHISOR's most current specifications prior to the completion of such sale or Transfer;

(e) The transferee franchisee (and its Owners) shall demonstrate to FRANCHISOR's satisfaction that it meets FRANCHISOR's reasonable educational, managerial and business

standards; possesses a good moral character, business reputation and credit rating; has no felony convictions; has the aptitude and ability to conduct the business licensed herein (as may be evidenced by prior related business experience or otherwise); has adequate financial resources and capital to operate the business; and meets all of the then current requirements for a new franchisee;

(f) The transferee franchisee shall execute FRANCHISOR's then-current standard form of Mobile Kitchen Franchise Agreement (providing for the payment of royalties at the then-current rate for new franchisees) and other ancillary agreements as FRANCHISOR may require for the JOHNNY ROCKETS Mobile Kitchen for a term ending on the date of expiration of this Agreement and including option periods, if any;

(g) At transferee franchisee's expense and upon such other terms and conditions as FRANCHISOR may reasonably require, the transferee franchisee and its Manager shall complete the training course then in effect for franchisees;

(h) Either FRANCHISEE or the transferee franchisee shall pay to FRANCHISOR a transfer fee of Five Thousand Dollars ($5,000) ("Transfer Fee") to cover FRANCHISOR's administrative and other expenses in connection with the actual Transfer; provided, however, that the Transfer Fee shall not be required in case of (i) a Transfer by FRANCHISEE upon the death of FRANCHISEE as described in Section 14.D below or (ii) a Transfer by FRANCHISEE to a corporation formed by FRANCHISEE solely for the convenience of ownership as described in Section 14.B.(3) below;

(i) The name of the transferor and the transferee franchisee shall not contain the name of "Johnny Rockets" or contain the Marks or any colorable variation thereof or any other mark in which FRANCHISOR has or claims a proprietary interest without FRANCHISOR's prior written approval; and

(j) If the proposed transferee franchisee is a corporation, the corporation's performance of its obligations shall be guaranteed by all of its shareholders as from time to time constituted and the transferee franchisee shall place upon the certificates representing its voting shares of stock, the form of the legend set forth in Section 14.B.(3)(d) below; and

(k) That the Total Sales Price of FRANCHISEE's sale, assignment or transfer is not so excessive, in FRANCHISOR's sole determination, that it jeopardizes the continued economic viability and future operations of the franchised JOHNNY ROCKETS Mobile Kitchen and/or the assignee. "Total Sales Price" means all consideration of every kind paid or payable to FRANCHISEE or any other person in connection with, arising out of or relating to the assignment or transfer of the franchise, the Franchise Agreement or the JOHNNY ROCKETS Mobile Kitchen, whether money, property or other thing or service of value including consideration received for FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen; FRANCHISEE's rights under this Agreement; contracts; goodwill; restrictive covenants; consulting arrangements; FRANCHISEE's furniture, fixtures, equipment and trade dress elements; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the assignor or any other person in the future (including the highest possible value of any contingent future consideration).

Notwithstanding the foregoing, except in the case where FRANCHISEE is a publicly-held corporation at the time it executes this Agreement, FRANCHISOR may withhold its consent to any public offering of stock or other securities to be issued by FRANCHISEE.

(3) **Assignment to a Controlled Corporation or Limited Liability Company.**

If FRANCHISEE is an individual and in the event that FRANCHISEE proposes to Transfer all of its interest to a corporation or limited liability company formed by FRANCHISEE solely for the convenience of ownership, FRANCHISOR's consent to such Transfer may be conditioned on the following requirements:

(a) The transferee corporation or limited liability company shall be newly organized and its articles, bylaws, and operating agreement, as applicable, shall provide that its activities are confined exclusively to developing and operating JOHNNY ROCKETS Mobile Kitchens;

(b) FRANCHISEE shall own not less than eighty percent (80%) of the voting stock and shall not diminish its proportionate interest in the transferee corporation, except as may be required by law, and its Owner shall act as its principal executive and operating officer;

(c) FRANCHISEE shall enter into an agreement, in a form satisfactory to FRANCHISOR, unconditionally guaranteeing the full payment and performance of the transferee corporation's obligations to FRANCHISOR;

(d) Each stock certificate or other evidence of ownership of the transferee corporation or limited liability company, as applicable, shall have conspicuously endorsed upon its face the substantially following legend (amended accordingly if a limited liability company):

> The transfer of this stock certificate is subject to the terms and conditions of one or more Franchise Agreements entered into with Johnny Rockets Licensing, LLC. Reference is made to the provisions of said Franchise Agreements and to the articles and bylaws of this corporation.

(e) Copies of transferee corporation's articles of incorporation or organization, as applicable, bylaws, operating agreement and other governing documents, as applicable, including the resolutions of the Board of Directors or Manger(s), as applicable, authorizing entry into or assumption of this Agreement, shall be promptly furnished to FRANCHISOR; and

(f) The name of transferee corporation or limited liability company shall not contain the name "Johnny Rockets" or contain the Marks or any colorable variation thereof or any other mark in which FRANCHISOR, its parent or affiliates has or claims a proprietary interest, without FRANCHISOR's prior written approval.

(4) **Other Agreements.** If FRANCHISOR consents to the Transfer of this Agreement, it shall also consent to the assignment of the Mobile Kitchen and any and all other agreements between FRANCHISOR and/or its parent and affiliates, and FRANCHISEE. In the event of Transfer of this Agreement, FRANCHISEE shall also assign all of its right, title and interest in the JOHNNY ROCKETS Mobile Kitchen and all other agreements for this JOHNNY ROCKETS Mobile Kitchen between FRANCHISEE and FRANCHISOR, its parent and affiliates, to the same transferee.

C. FRANCHISOR's Right of First Refusal

(1) If FRANCHISEE or its owners shall at any time decide to undertake any Transfer requiring FRANCHISOR's consent pursuant to Section 14.B, FRANCHISEE or its owners shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to FRANCHISOR. FRANCHISOR shall have the option, exercisable within thirty (30) days after receipt of such offer, or if FRANCHISOR requires further information, within thirty (30) days after

FRANCHISOR receives such further information from FRANCHISEE, to purchase the same interests for the price and on the terms and conditions of the proposed sale as set forth in the offer submitted. If the offer received by FRANCHISEE involves assets in addition to this Agreement, the JOHNNY ROCKETS Mobile Kitchen, and FRANCHISEE's other Franchise Agreements for licensed JOHNNY ROCKETS Mobile Kitchens, the offer to FRANCHISOR shall state the cash value of that portion of the offer received by FRANCHISEE related to those agreements and Mobile Kitchens, and FRANCHISOR or its designee may exercise its purchase option by paying that cash value. The written offer shall specify the name and address of the proposed transferee, shall enclose a completed franchisee application form from the proposed transferee, shall enclose proof of the proposed transferee's financial ability to complete the purchase, shall set forth the price, terms, conditions and date and place of closing of the proposed sale and shall enclose copies of all offer and/or sales documents reflecting the terms of such proposed sale.

(2) If the offer received by FRANCHISEE provides for payment of consideration other than cash or it involves intangible benefits, FRANCHISOR or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by FRANCHISEE or the cash value of that portion of the offer received by FRANCHISEE relating to this Agreement, the JOHNNY ROCKETS Mobile Kitchen and those other Mobile Kitchens, this amount shall be determined by two professionally certified appraisers, FRANCHISEE selecting one and FRANCHISOR or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the reasonable equivalent in cash of the non-cash part of the offer received by FRANCHISEE. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and FRANCHISOR or its designee may exercise its right of first refusal within 60 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) Should FRANCHISOR not exercise this right and should the contemplated sale not be completed within one hundred twenty (120) days after FRANCHISOR has failed to exercise its option, or should the terms and conditions thereof be altered in any way, this right of first refusal shall be reinstated and any subsequent proposed sale, or the altered terms and conditions of the current transaction, must again be offered to FRANCHISOR in accordance with this Section 14.C.

(4) If a contemplated Transfer would have the effect of assigning more than twenty percent (20%) of the capital stock of a corporate franchisee, more than twenty percent (20%) of the membership interests of a limited liability company franchisee, or more than twenty percent (20%) of partnership interests of a partnership franchisee, FRANCHISOR shall have the option to purchase not only the interests being transferred but also the remaining interests so that its ownership will be one hundred percent (100%) of such capital stock, membership interests, or partnership interests. Any purchase of such remaining interests shall be valued on a basis proportionate to the price of the interests initially being offered.

D. Death or Disability of FRANCHISEE

(1) Notwithstanding Sections 14.B and 14.C, a Transfer to the surviving spouse and children of FRANCHISEE (collectively, "Successor Transferees") upon the death or permanent disability of FRANCHISEE or of a partner or shareholder owning more than twenty percent (20%) equity interest in FRANCHISEE shall not be subject to FRANCHISOR's right of first refusal or right to terminate for failure to obtain written approval, so long as the Successor Transferee: (a) within thirty (30) days of such death or permanent disability, satisfies FRANCHISOR, that he is qualified to act as a franchisee pursuant to this Section 14 and is approved in writing by FRANCHISOR, or retains an individual or entity to operate and manage the JOHNNY ROCKETS Mobile Kitchen who is so qualified and who is approved in writing by

FRANCHISOR; and (b) performs all other applicable acts required under Section 14.B. Any other proposed Transfer resulting from the death or permanent disability of FRANCHISEE shall be subject to all of the terms and conditions in Sections 14.B and 14.C herein above.

(2) Any subsequent sale or other Transfer by a Successor Transferee shall be subject to FRANCHISOR's right of written approval set forth in this Section 14.D and the right of first refusal in favor of FRANCHISOR set forth in Section 14.C. A Transfer to a Successor Transferee shall not require the payment of the Transfer Fee.

(3) In the event FRANCHISOR does not approve the qualifications of any heir or beneficiary of FRANCHISEE to operate the JOHNNY ROCKETS Mobile Kitchen, the executor or administrator of FRANCHISEE's estate shall have a period of one hundred twenty (120) days following the date of such written disapproval to sell the JOHNNY ROCKETS Mobile Kitchen to a Successor Transferee acceptable to FRANCHISOR, subject to the provisions of Section 14.C of this Agreement, during which period FRANCHISOR may elect, at its option, to manage or operate such JOHNNY ROCKETS Mobile Kitchen. If such a sale is not concluded within that period, FRANCHISOR may terminate this Agreement.

(4) At any time prior to FRANCHISOR's approval of such Successor Transferee or other entity or individual designated by the Successor Transferee or sale of the JOHNNY ROCKETS Mobile Kitchen to a Successor Transferee acceptable to FRANCHISOR, FRANCHISOR may install FRANCHISOR's personnel or representatives to operate the JOHNNY ROCKETS Mobile Kitchen for such period of time as FRANCHISOR deems necessary. If FRANCHISOR deems it necessary to install any of its personnel or representatives to operate the JOHNNY ROCKETS Mobile Kitchen as provided for above, FRANCHISOR shall be reimbursed by the Successor Transferee or its assignee for all of FRANCHISOR's out-of-pocket expenses, including the wages of such personnel or representatives.

15. PROTECTION OF TRADEMARKS AND RELATED PROPRIETARY RIGHTS

A. Rights to the Johnny Rockets System and the Marks

(1) FRANCHISEE's rights to use the Marks as granted in Section 2 herein, and the Portal Solution or the MenuLink, if FRANCHISEE so elects, are limited to their use in connection with the business operations of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen as described herein or as is reasonably prescribed in writing by FRANCHISOR from time to time.

(2) FRANCHISEE acknowledges FRANCHISOR's right, title and interest in and to the Marks and the MenuLink, along with the identification, schemes, standards, specifications, operating procedures and other concepts embodied in the Johnny Rockets System. Except as expressly provided by this Agreement, FRANCHISEE shall acquire no right, title or interest therein and any and all goodwill associated with the Johnny Rockets System and the Marks shall inure exclusively to FRANCHISOR's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the Johnny Rockets System or the Marks.

(3) FRANCHISEE agrees that it will not, at any time during the term of this Agreement or at any time thereafter: (a) use or attempt to use any or all portions of the Johnny Rockets System or of the Marks or any name or mark similar to the Marks in connection with any other entity or business in which he has an interest, direct or indirect, or as any part of the name of the entity operating a JOHNNY ROCKETS Mobile Kitchen, including any corporation, partnership or sole proprietorship; (b) directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof; or (c) permit any third party supplier to imprint the Marks on any products, materials,

documents or supplies utilized by FRANCHISEE in connection with the operation of its JOHNNY ROCKETS Mobile Kitchen without first obtaining the consent of FRANCHISOR.

B. Notice of Claim and Reimbursement

(1) FRANCHISEE shall give immediate written notice to FRANCHISOR of any improper use of the Marks or any other trade name or service mark used by any third party that is confusingly similar to the Marks that comes to FRANCHISEE's attention. Upon receipt of written notification, FRANCHISOR may, at its option, elect to undertake and control the prosecution, defense or settlement of any legal action in connection with such improper usage or infringement. In connection therewith, FRANCHISEE shall assist FRANCHISOR in carrying out such action provided that FRANCHISOR will reimburse FRANCHISEE promptly for any expenses it incurs at FRANCHISOR's request, upon submission of proof of such expenses in a form reasonably satisfactory to FRANCHISOR.

(2) FRANCHISEE shall immediately notify FRANCHISOR if any third party shall assert any challenge, claim or action against FRANCHISEE for infringement or unfair competition on account of FRANCHISEE's use of the Marks. FRANCHISOR will undertake and control the defense or settlement of such challenge, claim or action and reimburse FRANCHISEE promptly for all out-of-pocket expenses, and actual damages (other than loss of income), incurred by FRANCHISEE in connection therewith, upon submission of proof thereof in form reasonably satisfactory to FRANCHISOR; provided, however, that such obligations of FRANCHISOR to defend and reimburse FRANCHISEE will exist only if FRANCHISEE: (a) has used the Marks in strict accordance with the terms of this Agreement and the rules, regulations, procedures, requirements and instruction of FRANCHISOR; (b) has promptly notified FRANCHISOR of the challenge, claim and action as set forth above; and (c) has otherwise fully cooperated with FRANCHISOR in the defense of any such action.

C. Discontinued Use

If it becomes advisable at any time to modify or discontinue the use of any one or more of its Marks or to use one or more additional or substitute marks, FRANCHISEE agrees to immediately comply with the instructions of FRANCHISOR in that regard, including replacing sign faces and otherwise physically complying with this obligation.

D. Notice

FRANCHISEE agrees to utilize the required trademark, service mark or copyright notices in the form specified by FRANCHISOR in connection with his use of FRANCHISOR's trademarked and copyrighted items.

E. Trade Secrets

(1) FRANCHISOR possesses and continues to develop, and during the course of the relationship established hereunder, FRANCHISEE shall have access to, proprietary and confidential information, including, recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of developing, marketing and operating JOHNNY ROCKETS Mobile Kitchens, restaurants and other retail outlets featuring the sale of hamburgers, chili, malts, and related products ("Trade Secrets"). Certain of the Trade Secrets may be disclosed to FRANCHISEE in the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through the FRANCHISOR's training program and other guidance and management assistance, and in performing FRANCHISOR's other obligations and exercising FRANCHISOR's rights under this Agreement. "Trade Secrets" shall not include information which: (a) has entered the public domain or was known to FRANCHISEE prior to FRANCHISOR's disclosure of such information to FRANCHISEE, other than by the breach of an obligation of confidentiality owed (by anyone) to FRANCHISOR; (b) becomes known to FRANCHISEE from a source other than FRANCHISOR and other than

by the breach of an obligation of confidentiality owed (by anyone) to FRANCHISOR; or (c) was independently developed by FRANCHISEE without the use or benefit of FRANCHISOR's Trade Secrets. The burden of proving the applicability of the foregoing will reside with FRANCHISEE.

(2) FRANCHISEE shall acquire no interest in the Trade Secrets other than the right to use them in connection with operating the JOHNNY ROCKETS Mobile Kitchen from the Operation Area pursuant to this Agreement. FRANCHISEE's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. FRANCHISEE shall: (a) not use the Trade Secrets in any business or other endeavor other than in connection with such JOHNNY ROCKETS Mobile Kitchen; (b) maintain absolute confidentiality of the Trade Secrets during and after this Agreement's term; (c) make no unauthorized copy of any portion of the Trade Secrets, including all or any part of the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral; and (d) operate and implement all reasonable procedures prescribed from time to time by FRANCHISOR to prevent unauthorized use and disclosure of the Trade Secrets, including restrictions limiting disclosure to certain employees and use of non-disclosure and non-competition provisions as FRANCHISOR prescribes in employment agreements with employees who may have access to the Trade Secrets. Promptly upon FRANCHISOR's request, FRANCHISEE shall deliver executed copies of such agreements to FRANCHISOR. The provisions of this Section 15.E. shall be in addition to and not in lieu of any other confidentiality obligation of FRANCHISEE, or any other person, whether pursuant to another agreement, or pursuant to applicable law.

(3) All ideas, concepts, techniques, or materials concerning the JOHNNY ROCKETS Mobile Kitchen, whether or not protectable intellectual property and whether created by or for FRANCHISEE or one of FRANCHISEE's owners or employees, must be promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR's sole and exclusive property, part of the System, and works made-for-hire for FRANCHISOR. To the extent any item does not qualify as a "work made-for-hire" for FRANCHISOR, FRANCHISEE must assign ownership of that item, and all related rights to that item, to FRANCHISOR and must take whatever action (including signing an assignment agreement or other documents) FRANCHISOR requests to show its ownership or to help FRANCHISOR obtain intellectual property rights in the item.

(4) For purposes of this Section 15.E only, "FRANCHISEE" shall mean and include the individual FRANCHISEE; FRANCHISEE's spouse and minor children and its Owners, officers and directors if FRANCHISEE is a corporation, limited liability company, partnership, trust or other entity, and FRANCHISEE shall, except as FRANCHISOR may otherwise agree, cause each such person to acknowledge and agree to be bound by the provisions this Section 15.E. The provisions of this Section 15.E shall not limit, restrain or otherwise affect any right or cause of action which may accrue to FRANCHISOR for any infringement of, violation of, or interference with, this Agreement, or FRANCHISOR's Marks, System, trade secrets, or any other proprietary aspects of FRANCHISOR's business.

F. Required Means of Identification; Non-Use of Trade Name

FRANCHISEE must operate and advertise its franchised JOHNNY ROCKETS Mobile Kitchen under the assumed business name "JOHNNY ROCKETS," without prefix or suffix. FRANCHISEE agrees, at its expense, to perform all filings and procure all required or necessary government approvals or registrations required to do business under that assumed business name; to comply with any instructions that FRANCHISOR gives it regarding the filing or maintenance of any trade name or fictitious business name registrations; to execute any documents FRANCHISOR or its counsel deem necessary to protect the Marks to maintain their continued validity and enforceability; and, upon request, to furnish to FRANCHISOR copies of all such filings, approvals and registrations. FRANCHISEE must never identify itself as an agent of FRANCHISOR. FRANCHISESE must conspicuously identify itself, its business or its franchised JOHNNY ROCKETS Mobile Kitchen as an independently owned and operated franchised JOHNNY ROCKETS Mobile Kitchen in all

dealings with its customers, contractors, suppliers, public officials and members of the public, and in all advertising, promotion and marketing related to its business. FRANCHISEE agrees to place this notice of independent ownership on its JOHNNY ROCKETS Mobile Kitchen and any other facilities of its franchised JOHNNY ROCKETS Mobile Kitchen and on printed materials, business cards, stationery, marketing and advertising materials, signs and other written or electronic modes.

If FRANCHISEE is a business entity, it may not use FRANCHISOR's Marks, any portion or segment of FRANCHISOR's Marks or any confusingly similar words or symbols in FRANCHISEE's business entity's name, domain name or e-mail address. In particular, FRANCHISEE may not use the words "JOHNNY ROCKETS," or any segment or variant thereof as part of its business entity's name, domain name or e-mail address.

16. COVENANTS

A. Prohibition Against Operating Outside of the Operation Area

During the term of this Agreement and any renewal or extension thereof, FRANCHISEE shall not directly or indirectly use the Marks (except to advertise the JOHNNY ROCKETS Mobile Kitchen) or sell, dispense, give away or otherwise provide any food, goods, wares, merchandise or services, except at the JOHNNY ROCKETS Mobile Kitchen within the Operation Area.

B. In-Term Competition

During the term of this Agreement, neither FRANCHISEE nor any of its Owners, officers, or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by FRANCHISEE of another JOHNNY ROCKETS Mobile Kitchen or Restaurant, or ownership of not more than five percent (5%) of the outstanding stock, voting and nonvoting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any business which sells hamburgers, chili, malts or related products as a significant aspect of its operation.

C. Post-Term Competition

For two (2) years following the termination or expiration of this Agreement, or upon the Transfer of this Agreement, neither FRANCHISEE nor its Owners, officers or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by FRANCHISEE of another JOHNNY ROCKETS Mobile Kitchen or Restaurant, or ownership of not more than five percent (5%) of the outstanding stock, voting and non-voting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any business which sells hamburgers, fries, chili, shakes and malts or related products and the combined total of sales for all such products is greater than ten percent (10%) of the total sales for such business (1) within the county in which the JOHNNY ROCKETS Mobile Kitchen operated by FRANCHISEE hereunder is located, or (2) within an area within 25 miles from the Operation Area or any then-existing JOHNNY ROCKETS Mobile Kitchen or Restaurant, without FRANCHISOR's prior written consent. In applying for such consent, FRANCHISEE will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with FRANCHISOR or other franchisees or area developers of FRANCHISOR.

D. Modifications

The parties have attempted in Section 16.C above to limit FRANCHISEE's right to compete only to the extent necessary to protect FRANCHISOR from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 16.C is disputed at any time by FRANCHISEE, a court or arbitrator, as the

case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under applicable law. In addition, FRANCHISOR reserves the right to reduce the scope of either, or both, of said provisions without FRANCHISEE's consent, at any time or times, effective immediately upon notice to FRANCHISEE.

E. Employees of FRANCHISOR

FRANCHISEE shall not interfere with the employees, vendors and agents of FRANCHISOR in the performance of such employees', vendors' and agents' duties. FRANCHISEE further agrees that during the term of this Agreement, any renewal term or extension of this Agreement and for one (1) year thereafter, it will not employ or seek to employ any of FRANCHISOR's employees, vendors or agents, any employees, vendors or agents of FRANCHISOR's parent or affiliates, or any of FRANCHISOR's franchisees, for a period of at least one (1) year following the separation of any such employee from employment by FRANCHISOR or its parent or affiliates or the termination of an agency relationship with FRANCHISOR, its parent or affiliate, nor shall FRANCHISEE induce, contract or solicit in any manner whatsoever any such employee, vendor or agent during such period to leave such employment or affiliation.

In addition to the other rights and remedies provided herein and at law or in equity, and not in lieu thereof, in the event FRANCHISEE violates the provisions of this Section 16.E, FRANCHISEE shall pay to FRANCHISOR the sum of One Hundred Thousand Dollars ($100,000). Said payment shall be required only if FRANCHISEE knew or reasonably should have known after due diligence that the employee was or had been employed by FRANCHISOR, FRANCHISOR's parent, affiliates or other franchisees. FRANCHISEE acknowledges that FRANCHISOR, FRANCHISOR's parent, affiliates and other franchisees have expended a substantial amount of time and money in the selection and training of their respective employees and agents and that FRANCHISOR, FRANCHISOR's parent, affiliates or other franchisees would suffer substantial loss and damage in the event FRANCHISEE violates such provisions. FRANCHISEE further agrees and acknowledges that this provision and the payment described herein is therefore reasonable under the circumstances existing as of the date of this Agreement.

17. RELATIONSHIP OF THE PARTIES

FRANCHISEE is and shall be an independent contractor under this Agreement. Neither FRANCHISEE nor any employee or agent of FRANCHISEE shall be deemed to be an employee, commercial agent or agent of any kind, of FRANCHISOR. Nothing contained in this Agreement shall be construed so as to create a partnership, joint venture, commercial or other agency, employment or fiduciary relationship of any kind, and neither party to this Agreement shall be liable for the debts or obligations of the other. Since FRANCHISEE acknowledges that it is an independent contractor and not an agent, FRANCHISEE shall not at any time attempt in any way to register this Agreement as agency contracts or itself as a commercial or other agent with a federal or municipal authority without the prior written consent of FRANCHISOR.

FRANCHISEE acknowledges and agrees, and will never contend otherwise, that it alone will exercise day-to-day control over all operations, activities and elements of its franchised JOHNNY ROCKETS Mobile Kitchen and that under no circumstance shall FRANCHISOR do so or be deemed to do so. FRANCHISEE further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which it is required to comply with under this Agreement, whether set forth in FRANCHISOR's Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that FRANCHISOR controls any aspect or element of the day-to-day operations of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen, which FRANCHISEE alone controls, but only constitute standards FRANCHISEE must adhere to when exercising its control of the day-to-day operations of its franchised JOHNNY ROCKETS Mobile Kitchen.

FRANCHISEE may not, without FRANCHISOR's prior written approval, have any power to obligate FRANCHISOR for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, FRANCHISOR may not control or have access to FRANCHISEE's funds or the expenditure of FRANCHISEE's funds or in any other way exercise dominion or control over FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between FRANCHISOR and FRANCHISEE is other than that of franchisor and franchisee. FRANCHISOR does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by FRANCHISEE which are not expressly authorized under this Agreement. FRANCHISOR will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to FRANCHISEE's operation of the franchised JOHNNY ROCKETS Mobile Kitchen.

FRANCHISEE hereby irrevocably affirms, attests and covenants its understanding that FRANCHISEE'S employees are employed exclusively by FRANCHISEE and in no fashion is any such employee either employed, jointly employed or co-employed by FRANCHISOR. FRANCHISEE further affirms and attests that each of its employees is under the exclusive dominion and control of FRANCHISEE and never under the direct or indirect control of FRANCHISOR in any fashion whatsoever. FRANCHISEE alone hires each of its employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). FRANCHISEE alone has the ability to discipline or terminate its employees to the exclusion of FRANCHISOR, which has no such authority or ability. FRANCHISEE further attests and affirms that any minimum requirements established by FRANCHISOR are solely for the purpose of ensuring that FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen is at all times operated at those levels necessary to operate FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen in conformity with the System and the products, services, standards of quality and efficiency, and other JOHNNY ROCKETS brand attributes known to and desired by the consuming public and associated with the Marks. FRANCHISEE also affirms and attests that any recommendations it may receive from FRANCHISOR regarding salaries, hourly wages or other compensation for its employees are recommendations only, designed to assist FRANCHISEE to efficiently operate its JOHNNY ROCKETS Mobile Kitchen, and that FRANCHISEE is entirely free to disregard FRANCHISOR's recommendations regarding such employee compensation. Moreover, FRANCHISEE affirms and attests that any training provided by FRANCHISOR for FRANCHISEE's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a JOHNNY ROCKETS Mobile Kitchen and in no fashion reflects any employment relationship between FRANCHISOR and such employees. Finally, should it ever be asserted that FRANCHISOR is the employer, joint employer or co-employer of any of FRANCHISEE's employees in any private or government investigation, action, proceeding, arbitration or other setting, FRANCHISEE irrevocably agrees to assist FRANCHISOR in defending said allegation, including (if necessary) appearing at any venue requested by FRANCHISOR to testify on FRANCHISOR's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that FRANCHISOR is the employer, joint employer or co-employer of any of FRANCHISEE's employees).

18. DEFAULT

FRANCHISEE's failure to timely cure any breach of its obligation to make payments of Weekly Royalty Fees, Weekly Marketing Fees, or any other monies due and owing to FRANCHISOR or FRANCHISOR's affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by FRANCHISEE, in either instance following FRANCHISOR's notice to FRANCHISEE that it has committed a breach of this Agreement and granting FRANCHISEE an opportunity to cure said breach, will be

irrevocably deemed to constitute FRANCHISEE's unilateral rejection and termination of this Agreement and all related agreements between FRANCHISEE and FRANCHISOR or FRANCHISOR's affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from FRANCHISOR, and FRANCHISEE shall never contend or complain otherwise.

A. Termination Without Cure Period

In addition to the grounds for termination that may be stated elsewhere in this Agreement, FRANCHISEE will have materially breached this Agreement and FRANCHISOR may, at its option, terminate this Agreement and all rights granted under this Agreement, without giving FRANCHISEE any opportunity to cure the breach, effective immediately upon FRANCHISEE's receipt of notice (which, whether sent by overnight courier, personal physical delivery or any other manner authorized by Section 20 below, will be deemed to have been received by FRANCHISEE upon delivery or first attempted delivery of the notice to FRANCHISEE) upon the occurrence of any of the following events :

(1) FRANCHISEE's failure to employ an approved manufacturer for the Mobile Kitchen within thirty (30) days after the Effective Date;

(2) FRANCHISEE's failure to complete all necessary construction and fixturization of its JOHNNY ROCKETS Mobile Kitchen and open for business to the public within one hundred eighty (180) days after the Effective Date;

(3) FRANCHISEE's or any of its managerial personnel's failure to satisfactorily complete FRANCHISOR's initial training program in accordance with the provisions of Section 7.A.(1) of this Agreement;

(4) There is a material breach of any obligation under Section 16 of this Agreement;

(5) The attachment of any involuntary lien in the sum of Five Thousand Dollars ($5,000) or more upon any of the business assets or property of FRANCHISEE, which lien is not promptly removed or bonded in full;

(6) FRANCHISEE's use of products similar or equivalent to the Proprietary Products other than the Proprietary Products supplied by FRANCHISOR or its affiliates or approved suppliers, distributors or vendors without FRANCHISOR's written approval;

(7) FRANCHISEE fails to make menu items in compliance with FRANCHISOR's specifications, recipes, and requirements;

(8) FRANCHISEE fails to maintain an adequate inventory of products, supplies, and materials sufficient to satisfy customer demand;

(9) FRANCHISEE, without first obtaining FRANCHISOR's consent, sells, dispenses, or gives away FRANCHISOR's products, by means other than retail sales;

(10) Any attempted Transfer in violation of Section 14 of this Agreement;

(11) Any material misrepresentation by FRANCHISEE relating to its acquisition of the license for the JOHNNY ROCKETS Mobile Kitchen or conduct by FRANCHISEE which reflects materially and unfavorably upon the operation and reputation of FRANCHISOR, the JOHNNY ROCKETS Mobile Kitchen or the Johnny Rockets System;

(12) The JOHNNY ROCKETS Mobile Kitchen is seized, taken over or foreclosed by a government official in the exercise of his duties, or by a creditor, lienholder or lessor, as a final judgment against FRANCHISEE remains unsatisfied for thirty (30) days (unless a superseder or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the JOHNNY ROCKETS Mobile Kitchen and it is not discharged within five (5) days of such levy;

(13) FRANCHISEE, FRANCHISEE's manager and/or, if FRANCHISEE is a business entity, any owner, member, shareholder, director or manager (as applicable) of such entity is convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which FRANCHISOR reasonably believe is related to FRANCHISEE's operation of the franchised JOHNNY ROCKETS Mobile Kitchen, or is likely to have an adverse effect on the System, the Marks, the goodwill associated with the Marks or FRANCHISOR's interest in the System or Marks;

(14) FRANCHISEE, or any of its Owners, make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for FRANCHISEE or the Mobile Kitchen.

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

(16) FRANCHISOR makes a determination that the continued operation of the JOHNNY ROCKETS Mobile Kitchen by FRANCHISEE will result in immediate danger to public or employee health or safety;

(17) FRANCHISEE, an affiliate or any Owner remains in default beyond the applicable cure period under any other agreement with FRANCHISOR or its affiliates (provided that, if the default is not by FRANCHISEE, FRANCHISEE is given written notice of the default and a thirty (30) day period to cure the default);

(18) As more specifically described in Section 13.B herein, FRANCHISEE understates by one and a quarter percent (1.25%) or more its Weekly Gross Sales in three (3) or more reports during any twelve (12) month period;

(19) FRANCHISEE's failure, for a period of ten (10) days after receipt of notification, to comply with any federal, state or local laws or regulations applicable to the operation of the JOHNNY ROCKETS Mobile Kitchen;

(20) FRANCHISEE allows any unauthorized or untrained personnel to use the Mobile Kitchen;

(21) FRANCHISEE's abandonment of the JOHNNY ROCKETS Mobile Kitchen by failure to operate same for any period by which FRANCHISOR reasonably concludes that FRANCHISEE does not intend to continue to operate the JOHNNY ROCKETS Mobile Kitchen, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond FRANCHISEE's control;

(22) FRANCHISEE knowingly conceals revenues; maintains false books or records; falsifies information or otherwise defrauds or make false representations to FRANCHISOR; or, submits any substantially false report to FRANCHISOR;

(23) FRANCHISEE refuses FRANCHISOR permission to inspect, or to conduct an operational and/or financial audit of the JOHNNY ROCKETS Mobile Kitchen;

(23) FRANCHISEE interferes or attempts to interfere in any manner with FRANCHISOR's contractual relations and/or FRANCHISOR's relationships with FRANCHISOR's other franchisees; any supplier of FRANCHISEE, FRANCHISOR or other franchisees; any governmental or quasi-governmental authority; FRANCHISEE's or FRANCHISOR's customers, employees or advertising agencies; or, any third parties;

(24) FRANCHISEE repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice;

(25) FRANCHISEE breaches the provisions of this Agreement relating to advertising standards; or

(26) FRANCHISEE purchases any proprietary programs, products or services from FRANCHISOR or its affiliates, or purchases from FRANCHISOR, its affiliates or any third party non-proprietary goods, programs, products or services pursuant to a systemwide supply contract we negotiate, and FRANCHISEE uses, diverts, sells or otherwise exploits such programs, products or services for the benefit of any other individual, entity or business.

B. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 18.A, FRANCHISEE shall have (a) five (5) business days for a monetary default, or (b) fifteen (15) calendar days for a non-monetary default, after receipt of written notice of default from FRANCHISOR in which to remedy the default and provide evidence of that remedy to FRANCHISOR. If any such default is not cured within that time, this Agreement shall terminate without further notice to FRANCHISEE effective immediately upon expiration of that time, unless FRANCHISOR notifies FRANCHISEE otherwise in writing. Such non-monetary defaults for which FRANCHISEE shall have fifteen (15) calendar days to cure include, but are not limited to, the following:

(a) FRANCHISEE fails to maintain its trade accounts in a current status and/or fails to seek to promptly resolve any disputes with trade suppliers;

(b) FRANCHISEE engages in any business, or market any program, product or service, under a name or mark which, in FRANCHISOR's opinion, is confusingly similar to the Marks;

(c) FRANCHISEE fails to pay any taxes due and owing by its franchised JOHNNY ROCKETS Mobile Kitchen (including employee taxes) when due;

(d) FRANCHISEE does not use FRANCHISOR's Marks and/or trade dress solely in the manner and for the purposes directed by FRANCHISOR in this Agreement, FRANCHISOR's Manuals or otherwise;

(e) FRANCHISEE does not indemnify FRANCHISOR and/or one of the parties as required by this Agreement;

(f) FRANCHISEE fails to operate its franchised JOHNNY ROCKETS Mobile Kitchen during the days and hours specified by FRANCHISOR without FRANCHISOR's prior written approval;

(g) FRANCHISEE fails to maintain and operate its franchised JOHNNY ROCKETS Mobile Kitchen in a good, clean and sound manner and in strict compliance with FRANCHISOR's standards for quality, cleanliness and maintenance as set forth in FRANCHISOR's Manuals or otherwise;

(h) FRANCHISEE does not devote the amount of its time and attention and/or its best efforts to the performance of its duties of this Agreement necessary for the proper and effective operation of its franchised JOHNNY ROCKETS Mobile Kitchen; or

(i) FRANCHISEE fails to implement (and, at its expense, take all steps necessary to implement) and thereafter adhere to any new or changed System requirements or otherwise fails to remodel, renovate or modernize as required by this Agreement.

(2) Notwithstanding the preceding Section 18.B.(1), with respect to the defaults identified in this Section 18.B.(2) below, FRANCHISEE shall have the cure period identified with respect to each default after receipt of written notice of default from FRANCHISOR in which to remedy the default and provide evidence of that remedy to FRANCHISOR or this Agreement will terminate immediately upon expiration of that time unless FRANCHISOR notifies FRANCHISEE otherwise in writing:

(a) FRANCHISEE's failure to promptly pay any sum due by virtue of this Agreement, including Weekly Royalty Fees and Weekly Marketing Fees and payments to any suppliers within five (5) business days of the date due;

(b) FRANCHISEE's failure to operate its JOHNNY ROCKETS Mobile Kitchen in compliance with the terms of this Agreement, including the provisions of Section 16.E above, the Manuals, or any quality or operations standards or guidelines issued in writing by FRANCHISOR from time to time which failure is not corrected within five (5) business days after notice to FRANCHISEE of such failure;

(c) FRANCHISEE's failure to cure a default under this Agreement, which materially impairs the goodwill associated with the Marks, after delivery of written notice to cure at least twenty-four (24) hours in advance thereof;

(d) FRANCHISEE's failure to correct or repair any defects, deficiencies or unsatisfactory conditions discovered at the JOHNNY ROCKETS Mobile Kitchen by FRANCHISOR's personnel within ten (10) days of being advised of same; or

(e) FRANCHISEE's failure to attend FRANCHISOR's Franchise Conference.

(3) Notwithstanding the foregoing, if any breach or defect cannot be cured within the applicable time period, this Agreement shall not be deemed terminated if FRANCHISEE shall give FRANCHISOR written notice of such fact and commence the cure of such breach or defect within the applicable time period and diligently prosecute such cure to completion. FRANCHISOR shall have the right to reject any such notice if, in FRANCHISOR's reasonable judgment, the breach or defect specified is capable of being cured within the applicable period.

(4) FRANCHISEE acknowledges and agrees that complete performance of all the terms of this Agreement is necessary for the protection of FRANCHISOR, the Johnny Rockets System and the Marks and that complete and exact performance by FRANCHISEE of each of his promises contained herein is a condition to the continuance of this license. If FRANCHISEE has received two or more notices of default within the previous 12 months, FRANCHISOR shall be entitled to send FRANCHISEE a notice of termination upon

FRANCHISEE's next default within that 12 month period under this Section 18.B without providing FRANCHISEE an opportunity to remedy the default.

C. Notwithstanding the provisions described in this Section 18, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the JOHNNY ROCKETS Mobile Kitchen and/or the parties to this Agreement limits FRANCHISOR's rights of termination under this Agreement or requires different or longer notice periods than those set forth herein, Section 18 is deemed amended to conform to the minimum notice periods or restrictions upon termination required by such rules and regulations. FRANCHISOR shall not however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of this Agreement.

D. Obligations upon Termination or Expiration of this Agreement

If this Agreement expires or terminates for any reason or is assigned by FRANCHISEE, FRANCHISEE will cease to be one of FRANCHISOR's authorized franchisees and FRANCHISEE will lose all rights to the use of FRANCHISOR's Marks, the System, all Confidential Information and know-how owned by FRANCHISOR and any goodwill (including "local" goodwill) engendered by the use of FRANCHISOR's Marks and/or attributed to FRANCHISEE's conduct of the franchised JOHNNY ROCKETS Mobile Kitchen.

Upon expiration or earlier termination of this Agreement for whatever reason:

(1) FRANCHISEE shall immediately pay FRANCHISOR and its affiliates all sums due and owing FRANCHISOR or its affiliates pursuant to this Agreement;

(2) FRANCHISEE shall discontinue the use of the Marks, and cease to operate the JOHNNY ROCKETS Mobile Kitchen under any name or in any manner which might tend to give the general public the impression that FRANCHISEE is operating a JOHNNY ROCKETS Mobile Kitchen or any similar business. FRANCHISEE may not use, in any manner or for any purpose, directly or indirectly, any of FRANCHISOR's Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by FRANCHISEE by virtue of the relationship established by this Agreement. FRANCHISEE may never identify itself to the public in any fashion whatsoever as a current or former JOHNNY ROCKETS franchisee;

(3) FRANCHISEE shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures and techniques associated with the Johnny Rockets System or which display the Marks or any other distinctive forms, slogans, signage, seating system, flooring materials, nostalgia package, symbols or devices associated with or belonging to FRANCHISOR;

(4) FRANCHISEE shall remove all Trademark and Trade Dress items and make such modifications or alterations to the JOHNNY ROCKETS Mobile Kitchen operated hereunder (including the changing of all telephone numbers and other communication equipment listings), including the improvements thereon, as may be necessary or as specified by FRANCHISOR from time to time in order to prevent the operation of any business from the Mobile Kitchen which might be deemed substantially similar to that of FRANCHISOR or any other franchisee of FRANCHISOR. All removal, modifications and alterations required under this Agreement shall be referred to collectively as "De-identifying" the Mobile Kitchen. All De-identifying must be completed by FRANCHISEE within 7 days after the termination or expiration of this Agreement. FRANCHISOR, however, may waive this provision in the case where FRANCHISOR exercises its option to take over the Mobile Kitchen and assume title of the Mobile Kitchen. In the event FRANCHISEE fails or refuses to comply with the requirements of this Section by properly De-identifying the Mobile Kitchen,

FRANCHISOR shall have the right, without affecting its other rights at law or in equity (and is hereby authorized by FRANCHISEE), to enter upon FRANCHISEE's Mobile Kitchen in such a way so as to not constitute a breach of the peace, without being guilty of or liable for trespass or any other tort, for the purpose of De-identifying the Mobile Kitchen, all at the expense of FRANCHISEE;

(5) FRANCHISEE shall turn over to FRANCHISOR the Manuals and all copies of all forms, records, files, instructions, correspondence, agreements, menus and any and all other materials relating to the JOHNNY ROCKETS Mobile Kitchen operated hereunder in FRANCHISEE's possession and all copies thereof (all of which are hereby acknowledged to be FRANCHISOR's sole property);

(6) FRANCHISEE shall transfer to FRANCHISOR all telephone numbers utilized by FRANCHISEE in the operation of its JOHNNY ROCKETS Mobile Kitchen;

(7) FRANCHISEE and all persons and entities subject to the covenants contained in Section 16 of this Agreement shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants;

(8) FRANCHISEE shall not, except with respect to a Mobile Kitchen or restaurant franchised by FRANCHISOR or its affiliates which is then open and operating pursuant to an effective franchise agreement: (a) operate or do business under any name or in any manner that might tend to give the public the impression that FRANCHISEE is connected in any way with FRANCHISOR or its affiliates or has any right to use the System or the Marks; (b) make, use or avail itself of any of the materials or information furnished or disclosed by FRANCHISOR or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (c) assist anyone not licensed by FRANCHISOR or its affiliates to construct or equip a foodservice outlet substantially similar to a JOHNNY ROCKETS Mobile Kitchen;

(9) FRANCHISEE shall take all necessary action to cancel any assumed name or equivalent registration which contains the Mark "JOHNNY ROCKETS", or any other Mark of FRANCHISOR, or any variant, within fifteen days following termination or expiration of this Agreement. If FRANCHISEE fails or refuses to do so, FRANCHISOR may, in FRANCHISEE's name, on FRANCHISEE's behalf and at FRANCHISEE's expense, execute all documents necessary to cause discontinuance of FRANCHISEE's use of the name "JOHNNY ROCKETS", or any related name used under this Agreement. FRANCHISEE irrevocably appoints FRANCHISOR as its attorney-in-fact to do so;

(10) If FRANCHISOR terminates this Agreement because of FRANCHISEE's default or FRANCHISEE terminates same through failure to make payment following notice and opportunity to cure, FRANCHISEE must pay FRANCHISOR all losses and expenses FRANCHISOR incurs as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to FRANCHISOR's Marks and reputation, travel and personnel costs and the cost of securing a successor franchisee for the franchised JOHNNY ROCKETS Mobile Kitchen. This obligation will give rise to and remain, until paid in full, a lien in FRANCHISOR's favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by FRANCHISEE or the franchised JOHNNY ROCKETS Mobile Kitchen at the time of termination and against any of FRANCHISEE's money which FRANCHISOR is holding or which is otherwise in FRANCHISOR's possession;

(11) FRANCHISEE shall immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner;

(12) FRANCHISEE shall continue to abide by those restrictions pertaining to the use of FRANCHISOR's Confidential Information, trade secrets and know-how set forth in Section 15 of this Agreement; and

(13) FRANCHISEE shall immediately surrender all computer software, data storage disks or tapes and other electronic media used in the operation of the franchised JOHNNY ROCKETS Mobile Kitchen, printouts, and other information pertaining to computer operations, codes, procedures and programming. FRANCHISEE agrees not to destroy, damage, hide or take any steps to prevent FRANCHISOR from obtaining any information which FRANCHISEE had stored in the computer system of the franchised JOHNNY ROCKETS Mobile Kitchen. FRANCHISEE agrees not to retain any printouts, disks, tapes or other electronic media containing any of the programs or data stored in the computer system.

E. Monetary Obligations

In the event of termination, FRANCHISOR may retain all fees paid pursuant to this Agreement. In addition, all obligations of FRANCHISOR to FRANCHISEE and all rights of FRANCHISEE under this Agreement shall automatically terminate. However, any obligations of FRANCHISEE to take, or abstain from taking, any action upon termination pursuant to this Agreement shall not be affected by such termination, including the payment to FRANCHISOR of all sums due from FRANCHISEE at the time of termination.

F. FRANCHISOR's Assumption of the Mobile Kitchen

(1) Upon termination, expiration or refusal to renew or extend the term of this Agreement, whether by FRANCHISOR or FRANCHISEE, FRANCHISOR will be entitled, at its sole option, to elect to continue to operate the JOHNNY ROCKETS Mobile Kitchen for a temporary period selected by FRANCHISOR, not to exceed six (6) months ("Temporary Operating Period"). During the Temporary Operating Period, FRANCHISOR shall pay all of FRANCHISEE's normal operating expenses, including any equipment leases arising during the Temporary Operating Period, and salaries of employees working in the JOHNNY ROCKETS Mobile Kitchen which accrued while FRANCHISOR operates the JOHNNY ROCKETS Mobile Kitchen.

(2) If FRANCHISOR elects to temporarily operate the JOHNNY ROCKETS Mobile Kitchen pursuant to Section 18.F.(1) above, on or prior to the expiration of the Temporary Operating Period FRANCHISOR will be further entitled, at its sole option, to assume FRANCHISEE's executory obligations, such as equipment leases, applicable to the JOHNNY ROCKETS Mobile Kitchen and to exercise the purchase option described in Section 18.G below. Upon FRANCHISOR exercising the option to permanently operate the JOHNNY ROCKETS Mobile Kitchen, FRANCHISOR shall use reasonable efforts to secure the release and discharge of FRANCHISEE from any executory obligations under any equipment leases for the JOHNNY ROCKETS Mobile Kitchen or shall hold FRANCHISEE harmless from future lease charges and all other future liabilities under the applicable leases.

(3) FRANCHISOR may exercise either the option described in Section 18.F.(1) or (2), if at all, by delivering written notice to FRANCHISEE. Nothing in this Section 18.F shall obligate FRANCHISOR to assume or be responsible for any indebtedness, liability or obligation due or accrued prior to the time FRANCHISOR assumed direct control over the operation of the JOHNNY ROCKETS Mobile Kitchen, whether related to equipment leases, for salaries, taxes, goods or services, or otherwise.

G. Right to Purchase

(1) FRANCHISOR shall, within thirty (30) days following the expiration or termination of this Agreement for any reason, have the option to purchase all or any portion of the assets of FRANCHISEE's

JOHNNY ROCKETS Mobile Kitchen and any other materials, equipment or supplies bearing FRANCHISOR's Marks. FRANCHISOR's purchase price for the portion of FRANCHISEE's inventory or supplies purchased directly from FRANCHISOR shall be at FRANCHISEE's cost. FRANCHISOR's purchase price for all of the remaining inventory, equipment, parts, fixtures and furnishings utilized by FRANCHISEE in the operation of its JOHNNY ROCKETS Mobile Kitchen shall be the fair wholesale market value thereof. In addition, FRANCHISOR shall be permitted to deduct and withdraw from the purchase price to be paid to FRANCHISEE for any such items all sums due and owing FRANCHISOR. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

(2) If the parties are unable to reach agreement as to the fair market value of the assets of FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen to be purchased by FRANCHISOR, the parties hereby agree to appoint an appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If the parties are unable to decide upon an appraiser, the matter is to be submitted to arbitration in the manner prescribed in Section 19.B.

H. Cross Default

Any default or breach by FRANCHISEE, FRANCHISEE's affiliates and/or any guarantor of FRANCHISEE of any agreement between FRANCHISOR or its affiliates and FRANCHISEE and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by FRANCHISEE and/or such other parties will be deemed a default or breach under any and all such other agreements between FRANCHISOR or its affiliates and FRANCHISEE, its affiliates and/or any guarantor of FRANCHISEE. If the nature of the default under any other agreement would have permitted FRANCHISOR (or its affiliate) to terminate this Agreement if the default had occurred under this Agreement, then FRANCHISOR will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. FRANCHISEE's "affiliates" means any persons or entities controlling, controlled by or under common control with FRANCHISEE.

19. ENFORCEMENT

A. Injunction

FRANCHISOR shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) FRANCHISEE's use of the Marks; (2) FRANCHISEE's preparation and distribution of products at its JOHNNY ROCKETS Mobile Kitchen; (3) the construction and equipping of the JOHNNY ROCKETS Mobile Kitchen; (4) the obligations of FRANCHISEE upon termination or expiration of this Agreement; (5) a Transfer of this Agreement or any ownership interest therein; (6) as necessary to prohibit any act or omission by FRANCHISEE or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to FRANCHISOR and/or FRANCHISOR's other franchisees; (7) a food, safety or health problem; and (8) enforcement of the provisions of Section 15.E.

B. Arbitration

Except as otherwise provided in this Agreement, and except for claims of promissory fraud, FRANCHISEE and FRANCHISOR agree that any claim, controversy or dispute arising out of or relating to this Agreement (and exhibits) including those occurring subsequent to the termination or expiration of this Agreement shall, except as specifically set forth herein and in Section 19.A above, be referred to arbitration in

accordance with the rules of arbitration of the American Arbitration Association (or any successor thereto), as amended and The Federal Arbitration Act, 9 U.S.C.A. Section 1 – 14 shall apply. If such rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control.

(1) Selection of Panel. Each party shall select one (1) qualified arbitrator and the two (2) arbitrators shall select a third qualified arbitrator. Failing selection of an arbitrator by either party, or by the two (2) selected by the parties, the additional arbitrator(s) who have not yet been selected shall be selected by the American Arbitration Association or any successor thereof.

(2) Qualifications of Arbitrators. Each arbitrator must meet or exceed each of the following criteria, or in the event no such arbitrator is available, the parties shall select an arbitrator that meets or exceeds as many of the following criteria as possible:

(a) (i) forty (40) years of age; (ii) five (5) years experience as corporate officer or area supervisor (or similar position) for a multi-unit restaurant or chain having annual system wide gross sales in excess of One Hundred Million Dollars ($100,000,000) for its past two (2) fiscal years, ("Qualified JOHNNY ROCKETS Representative Position"); and (iii) employed in a Qualified JOHNNY ROCKETS Representative Position within last twenty-four (24) months, or

(b) ten (10) years of legal experience with the majority of their practice in franchise law.

(3) Rules. The arbitrators must follow the law and not disregard the terms of this Agreement. The arbitration proceeding shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association where such rules are not inconsistent with the provisions of this Section and the following supplemental rules:

(a) Location of Arbitration: The arbitration shall be administered by the American Arbitration Association office nearest to FRANCHISOR's principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which FRANCHISOR's principal offices are located at that time.

(b) Time Periods:

(i) Appointment Of Arbitrators By Parties: Thirty (30) days from Notice of Arbitration.

(ii) Appointment Of Third Arbitrator: Thirty (30) days from appointment of first two (2) arbitrators by the parties.

(iii) Initial Hearing: Thirty (30) days from appointment of third arbitrator.

(iv) Deadline For Decision Of Arbitrators: Thirty (30) days from conclusion of hearing.

(c) Discovery. There shall be no discovery except as follows. Each side may take five (5) depositions. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration. Each party is responsible for the expenses of any witnesses that it calls. Each party shall have the right to subpoena witnesses and documents for the arbitration.

(d) **Expenses.** The expenses of the arbitration proceeding shall be borne by the losing party.

(e) **Binding Effect of Award.** The arbitration shall be final and binding upon the parties and judgment upon an award rendered by the Arbitrator may be entered in any court of competent jurisdiction.

(f) **Prosecution of Claims:** All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of FRANCHISEE and FRANCHISOR, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other franchisee.

(g) **Limitation on Damages:** The arbitrators shall have no power or authority to grant punitive or exemplary damages as part of its award.

C. FRANCHISOR's Withholding of Consent – FRANCHISEE's Exclusive Remedy

In no event may FRANCHISEE make any claim for money damages based on any claim or assertion that FRANCHISOR has unreasonably withheld or delayed any consent or approval under this Agreement. FRANCHISEE waives any such claim for damages. FRANCHISEE may not claim any such damages by way of setoff, counterclaim or defense. FRANCHISEE's sole remedy for the claim will be an action or proceeding to enforce this Agreement's provisions, for specific performance or for declaratory judgment.

20. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to:

FRANCHISOR: JOHNNY ROCKETS LICENSING, LLC

2 South Pointe Drive, Suite 200
Lake Forest, California 92630-2299

Attn: Vice President, Franchise Operations
Facsimile Number: (866) 209-9523

FRANCHISEE: [FRANCHISEE'S NAME]
Address
City, ST Zip
Attn: Name
Facsimile Number: (XXX) XXX-XXXX
E-mail Address:

Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt or first rejection and may be: (1) delivered personally; (2) transmitted by facsimile to the number(s) set forth above with electronic confirmation of receipt; (3) mailed in the United States mail postage prepaid, certified mail, return receipt requested; (4) mailed via overnight courier; or (5) sent electronically via e-mail, provided an original hardcopy is promptly delivered in a manner described in Sub-sections (1), (3) or (4) above.

21. MISCELLANEOUS

A. Further Acts

The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

B. Heirs and Successors

This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

C. Entire Agreement

FRANCHISEE and FRANCHISOR acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement and all Exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all other prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document that it furnished to FRANCHISEE. This Agreement may not be modified except by a written instrument signed by the parties to this Agreement.

FRANCHISEE acknowledges that it is entering into this Agreement as a result of its own independent investigation of FRANCHISOR's franchised business and not as a result of any representations about FRANCHISOR made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to FRANCHISEE pursuant to applicable law.

D. Waiver

Failure by either party to enforce any rights under this Agreement shall not be construed as waiver of such rights. Any waiver, including waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by FRANCHISOR from FRANCHISEE shall not constitute a waiver of any default except as to the payment of the particular payment or performance so received.

E. Headings and Table of Contents

The headings and table of contents used herein are for purposes of convenience only and shall not be used in construing the provisions of this Agreement.

F. Effectiveness

The submission of this Agreement does not constitute an offer of a franchise and this Agreement shall become effective only upon execution thereof by FRANCHISOR and FRANCHISEE. Each of the parties hereto represents to the other that it has the power and authority to enter into this Agreement and perform its obligations hereunder.

G. Third Parties

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party shall have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of any such provision.

H. Attorneys' Fees, Costs and Expenses

If either party commences any legal action or arbitration against the other party arising out of or in connection with this Agreement, the prevailing party, as determined by the court or arbitrator(s) having jurisdiction over such action or arbitration, shall be entitled to have and recover from the other party its costs and expenses, including, but not limited to reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court and arbitration costs, litigation and arbitration expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of the proceeding. If FRANCHISOR utilizes legal counsel (including in-house counsel employed by FRANCHISOR) 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 FRANCHISOR. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

I. Governing Law

Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the state in which the FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen is located without regard to conflicts of laws principles. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portion and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in effect. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, FRANCHISEE waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

J. Venue

Any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties that is not subject to arbitration under Section 19, must be brought in state or federal court located nearest to FRANCHISOR's principal offices at the time the action, claim, suit or demand is made. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this paragraph will survive termination of this Agreement. FRANCHISEE is aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agrees to be bound in the manner set forth.

K. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

L. Severability

In the event that any term or provision in this Agreement is held to be invalid, void, illegal or unenforceable in any respect, the Agreement shall not fail, but shall be deemed amended to delete the void or unenforceable term or provision and the remainder of this Agreement shall be enforced in accordance with its terms and shall not in any way be affected or impaired thereby. In the event that any term or provision of this Agreement is held to be unreasonable, the same shall not fail, but shall be deemed amended only to the extent necessary to render it reasonable and the parties agree to be bound by the same as thus amended.

M. Force Majeure

Provided that the parties hereto are making reasonable efforts in good faith to comply with the terms of this Agreement, each party hereby agrees to excuse the other's performance hereunder upon the occurrence of a catastrophic act of God, accident, fire, labor controversy, riot or civil commotion, act of public enemy, law, enactment, rule, order, act of government or governmental instrumentality, failure of technical facilities, failure or delay of transportation facilities or other cause of a similar or dissimilar nature not within such party's control or which such party cannot by reasonable diligence avoid (collectively, a "Force Majeure"). Upon the occurrence of a Force Majeure, the party so affected shall continue to make all reasonable efforts in good faith to comply with the terms of this Agreement and shall be in full compliance hereof as soon as is reasonably practicable.

N. General Interpretation

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section of this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense and without limitation.

O. Interpretation of Rights

Whenever this Agreement provides that FRANCHISOR has a certain right, that right is absolute and the parties intend that FRANCHISOR's exercise of that right will not be subject to any limitation or review, FRANCHISOR has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement. Whenever FRANCHISOR reserves discretion in a particular area or where FRANCHISOR agrees to exercise its rights reasonably or in good faith, FRANCHISOR will satisfy its obligations whenever FRANCHISOR exercises Reasonable Business Judgment in making its decision or exercising its rights. FRANCHISOR's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if FRANCHISOR's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes FRANCHISOR's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

P. Time

Whenever a time is given in this Agreement for the performance of an act, such time is of the essence of this Agreement and may not be extended without the written agreement of the party who is entitled to receive the performance specified, which extension it may grant or withhold.

Q. Control During Crisis Situation

If an event occurs at FRANCHISEE's JOHNNY ROCKETS Mobile Kitchen that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Marks, the Johnny Rockets System or the reputation of FRANCHISOR (collectively "Crisis Situation"), FRANCHISEE shall: (1) immediately contact appropriate emergency care providers to assist it in curing the harm or injury; and (2) immediately inform FRANCHISOR by telephone of the Crisis Situation. FRANCHISEE shall refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by FRANCHISOR or public health officials).

To the extent FRANCHISOR deems appropriate, FRANCHISOR or its designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the JOHNNY ROCKETS Mobile Kitchen. The parties acknowledge that, in directing the management of any Crisis Situation, FRANCHISOR or its designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as it deems appropriate. FRANCHISEE and its employees shall cooperate fully with FRANCHISOR or its designee in its efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by FRANCHISOR from time to time hereafter. The indemnification under Section 10 shall include all losses and expenses that may result from the exercise by FRANCHISOR or its designee of the management rights granted in this Section 21.P.

[Signature page follows]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties shall be deemed to have executed this Agreement as of the Effective Date first set forth on Page 1 of this Agreement.

FRANCHISOR:

JOHNNY ROCKETS LICENSING, LLC
a California limited liability company

By: _____
Name: JOHN M. MAGUIRE
Title: President and Chief Executive Officer

By: _____
Name: ALAN S. HINSON
Title: Executive Director, Legal Services & Assistant Secretary

FRANCHISEE:

[FRANCHISEE'S NAME]
a _____ corporation/limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT "A"

OPERATION AREA

Mobile Kitchen #: _____ [Store #] _____

Mobile Kitchen Name: _____ [Store Name] _____

Mobile Kitchen City, State: _____ [City, ST] _____

Opening Date: _____

Description of Operation Area: _____

_____

_____

EXHIBIT "B"

GUARANTY
AND
SUBORDINATION AGREEMENT

In order to induce **JOHNNY ROCKETS LICENSING, LLC**("FRANCHISOR") to enter into a Mobile Kitchen Franchise Agreement ("Franchise Agreement"), dated the _____ day of _____20__ (the "Effective Date") with **[FRANCHISEE'S NAME]** ("FRANCHISEE"), the undersigned ("Guarantors"), each of whom is a direct or indirect shareholder, member, partner, or trustee of FRANCHISEE ("Owner") hereby personally and unconditionally: (1) guarantee to FRANCHISOR and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and any other agreement (whether or not in effect on the date of this Guaranty and Subordination Agreement) between FRANCHISEE and FRANCHISOR, or any of its affiliates, including but not limited to any area development agreement, Franchise Agreement, security agreement, purchase agreement, sublease or promissory note, and all extensions or renewals thereof (collectively, "Agreements"); (2) agree personally to be bound by each and every provision in the Agreements, including, without limitation, the provisions of Sections 11 and 17 of the Franchise Agreement; and (3) agree personally to be liable for the breach of each and every provision in the Agreements, including, without limitation, Section 17 of the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by FRANCHISOR of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against FRANCHISEE arising as a result of the execution of and performance under this Guaranty by the undersigned; (6) any law or statute which requires that FRANCHISOR make demand upon, assert claims against or collect from FRANCHISEE or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against FRANCHISEE or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guaranty decided by a jury.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreements upon demand if FRANCHISEE fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreements, any extension of time, credit or other indulgence which FRANCHISOR may from time to time grant to FRANCHISEE or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreements and for so long thereafter as there are monies or obligations owing from FRANCHISEE to FRANCHISOR or its affiliates under the Agreements; (5) any indebtedness by FRANCHISEE to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by FRANCHISEE to FRANCHISOR; (6) as long as FRANCHISEE owes any monies to FRANCHISOR (other

than royalty and advertising and payments that are not past due) FRANCHISEE will not pay and the undersigned will not accept payment of any part of any indebtedness owed by FRANCHISEE to any one of the undersigned, either directly or indirectly, without the consent of FRANCHISOR; and (7) monies received from any source by FRANCHISOR for application toward payment of the obligations under the Agreements and under this Guaranty may be applied in any manner or order deemed appropriate by FRANCHISOR. In addition, if any of the undersigned ceases to own any interest in FRANCHISEE prior to termination or expiration of the Agreements, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless FRANCHISOR, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 17.B. of the Franchise Agreement shall remain in force and effect for a period of two years after any such release by FRANCHISOR. A release by FRANCHISOR of any of the undersigned shall not affect the obligations of any other Guarantor.

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

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

This Guaranty shall not be affected by the modification, amendment, extension, release or renewal of any agreement between FRANCHISOR and FRANCHISEE, the taking of a note or other obligation from FRANCHISEE or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against FRANCHISEE of bankruptcy, insolvency, reorganization of other debtor's relief afforded by the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of FRANCHISEE's obligations or liability to FRANCHISOR, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Agreements including all renewals, modifications, amendments and extensions thereof, are fully paid and satisfied, provided that this Guaranty shall automatically terminate on the second anniversary of the effective date of any Transfer of the Franchise Agreement (as defined in the Franchise Agreement) and provided further that neither the Franchise Agreement nor any other agreement between FRANCHISOR and the transferee of such Transfer shall be in default on such effective date nor has been in default (whether or not cured) during such two year period.

If any of the following events occur, a default ("Default") under this Guaranty shall exist: (1) failure of timely payment or performance of the obligations under this Guaranty; (2) breach of any agreement or representation contained or referred to in this Guaranty; (3) the death of, appointment of a guardian for, dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by

or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice.

Section 20 of the Franchise Agreement is incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Franchise Agreement.

IN WITNESS THEREOF, the undersigned have constituted this Agreement on the Effective Date first set forth on Page 1 of this Agreement.

_____, Guarantor
Name: _____

_____, Guarantor
Name: _____

EXHIBIT "C"

ACKNOWLEDGMENT ADDENDUM TO
JOHNNY ROCKETS® MOBILE KITCHEN FRANCHISE AGREEMENT

As you know, you and we are entering into a Mobile Kitchen Franchise Agreement for the operation of a JOHNNY ROCKETS® Mobile Kitchen franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document or Franchise Agreement? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Did any employee or other person speaking on behalf of Johnny Rockets Licensing, LLCmake any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any JOHNNY ROCKETS location or business, or the likelihood of success at your Mobile Kitchen franchised business? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Did any employee or other person speaking on behalf of Johnny Rockets Licensing, LLC make any statement or promise regarding the costs involved in operating a Mobile Kitchen franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: (__) Yes (__) No. If yes, please comment:_____

_____

_____

7. Do you understand that that the franchise granted is for the right to develop and operate a Mobile Kitchen inside the Operation Area, as stated in Section 2.A, and that, according to Section 2.B, we and our affiliates have the right, regardless of the proximity to your JOHNNY ROCKETS Mobile Kitchen, to; (i) own, operate or license others to operate JOHNNY ROCKETS Mobile Kitchens or JOHNNY ROCKETS Restaurants at any location, (ii) own, operate or license others to operate restaurants and other businesses which operate under names other than the JOHNNY ROCKETS Trademark at any location, (iii) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services, products, whether or not authorized for sale at JOHNNY ROCKETS Mobile Kitchens, under the JOHNNY ROCKETS Trademark or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, and (iv) produce, distribute and sell food and beverage products, as well as clothing, souvenirs and novelty items under the JOHNNY ROCKETS Trademark or other marks and to use, in connection with such production, distribution and sale, any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed and used by Johnny Rockets Licensing, LLC? Check one: (__) Yes (__) No. If no, please comment: _____

_____

_____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Mobile Kitchen, meaning that any prior oral or written statements not set out in the Disclosure Document or Franchise Agreement will not be binding? Check one: (__) Yes (__) No. If no, please comment: _____

_____

9. Do you understand that the success or failure of your Mobile Kitchen will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the JOHNNY ROCKETS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Mobile Kitchen may change? Check one (__) Yes (__) No. If no, please comment: _____

_____

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Sections 16.B and 16.C and that an injunction is an appropriate remedy to protect the interests of the JOHNNY ROCKETS System if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in Sections 16.B

and 16.C, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one (__) Yes (__) No. If no, please comment: _____

_____

_____

11. On the receipt page of the Disclosure Document you identified _____ _____ as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one (__) Yes (__) No. If no, please identify any additional franchise sellers involved with this transaction: _____

_____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Date: _____	Date: _____

APPROVED ON BEHALF OF
JOHNNY ROCKETS LICENSING, LLC

By: _____

Title: Executive Director, Legal Services

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

JOHNNY ROCKETS LICENSING, LLC

AREA DEVELOPMENT AGREEMENT

with

[DEVELOPER'S NAME]

for

[DEVELOPMENT AREA]
[CITY, ST]

JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
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JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this _____ day of _____, _____ ("Effective Date"), by and between **JOHNNY ROCKETS LICENSING, LLC**, a California limited liability company ("FRANCHISOR"), and **[DEVELOPER'S NAME]**, a _____ corporation/limited liability company ("DEVELOPER").

RECITALS:

A. FRANCHISOR has acquired and developed a system for the establishment and operation of businesses operating under the Marks (as defined below) and in accordance with the System (as defined below) and featuring the sale of hamburgers, chili, malts and related products to the general public, and which may feature certain ancillary branded merchandise such as clothing, souvenirs and novelty items ("Johnny Rockets Traditional Restaurant(s)," "Johnny Rockets Express Restaurant(s)" and "Johnny Rockets Drive-Thru Restaurant(s)," collectively referred to herein as "JOHNNY ROCKETS Restaurants").

B. The Johnny Rockets System consists of a general restaurant layout and design, equipment, interior and exterior decorations, signage specifications, menus of standard appearance and design, recipes, formulas, specially designed paper goods and other items used in serving and dispensing food products, clothing, souvenirs and novelty items, advertising, trade practices, operating methods, various business forms, training materials, manuals, including the Manuals, sales techniques, personnel management and management control systems as specified by FRANCHISOR from time to time for use in connection with the operation of JOHNNY ROCKETS Restaurants ("Johnny Rockets System" or "System").

C. FRANCHISOR has acquired and owns the trade name and service mark JOHNNY ROCKETS and certain designs, phrases, logos, trademarks, service marks, copyrights and other items now or hereafter owned, used or provided by FRANCHISOR and designated in writing by FRANCHISOR for the continued use by DEVELOPER in connection with the operation of JOHNNY ROCKETS Restaurants under the Johnny Rockets System pursuant to the terms of this Agreement and any executed Franchise Agreement executed by and between FRANCHISOR and DEVELOPER pursuant to the terms of this Agreement ("Marks").

D. DEVELOPER desires to acquire the limited license to develop and operate JOHNNY ROCKETS Restaurants within the Development Area set forth in Exhibit "1" and within the Development Periods as more fully described in the Development Schedule set forth in Exhibit "2" attached hereto and FRANCHISOR desires to grant DEVELOPER a license on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the above facts and the terms and conditions set forth below, the parties agree as follows:

1. INCORPORATION OF RECITALS, WARRANTIES AND REPRESENTATIONS BY DEVELOPER

The recitals set forth in Paragraphs A, B, C and D above are true and correct and are hereby incorporated by reference into this Agreement. DEVELOPER hereby warrants, represents, covenants, and acknowledges to FRANCHISOR that:

A. DEVELOPER has had no part in the creation or development of the System, the Marks, the Manuals or any other proprietary information provided by FRANCHISOR;

B. DEVELOPER is entering into this Agreement after having made an independent investigation of FRANCHISOR's operations, and not upon any representation as to the sales, profits, or earnings which DEVELOPER might realize;

C. FRANCHISOR has not made any representations or promises to DEVELOPER which are not contained in this Agreement or the Disclosure Document provided to FRANCHISEE by FRANCHISOR, and DEVELOPER has not relied upon, nor has FRANCHISOR made, any warranties, expressed or implied, as to the potential success of the business contemplated herein; and DEVELOPER understands that the System and Manuals are continually evolving and that

D. FRANCHISOR has the right to make changes therein from time to time as it may deem appropriate.

FRANCHISOR's obligations and DEVELOPER's rights pursuant to this Agreement are expressly conditioned upon the truth of the warranties and representations set forth above at the time of execution of this Agreement and their continued truth throughout the Term of this Agreement.

2. DEFINITIONS

"Applicable Law" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the development or operation of DEVELOPER's JOHNNY ROCKETS Restaurant(s), including all immigration, labor, disability, food and drug laws, health and safety regulations, and Americans With Disabilities Act requirements, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"Business Entity" means any corporation, limited liability company, partnership, association, trust, or other entity, that is not an individual.

"Development Area" means the geographic area or venue described or identified in Exhibit "1" attached to this Agreement and incorporated herein by this reference.

"Development Period" means each of the time periods during which DEVELOPER shall have the right and obligation to construct, equip, open and thereafter continue to operate JOHNNY ROCKETS Restaurant(s) in accordance with the Development Schedule.

"Development Schedule" means the schedule by which DEVELOPER must develop and open JOHNNY ROCKETS Restaurants in the Development Area as set forth in Exhibit "2" and attached to this Agreement and incorporated herein by this reference.

"Governmental Authority" means and includes all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Internet" means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols

to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission.

"JOHNNY ROCKETS Restaurant" or **"Restaurant"** means a Johnny Rockets Traditional Restaurant, Johnny Rockets Express Restaurant and/or Johnny Rockets Drive-Thru Restaurant regardless of whether the restaurant offers the full Johnny Rockets menu or a limited menu, all of which will count toward satisfaction of the Development Quota.

"Lease" means the lease or sublease or other agreement or instrument pursuant to which DEVELOPER obtains the right to occupy a site.

"Franchise Agreement" means the then-current form of agreement used by FRANCHISOR to grant to its franchisees the right to own and operate a single JOHNNY ROCKETS Restaurant, including all exhibits, riders, guarantees or other related instruments.

"Manuals" shall have the meaning set forth in Recital B.

"Marks" shall have the meaning set forth in Recital A.

"Minimum Development Quota" shall have the meaning set forth in Section 3.A.

"Non-Traditional Venue" means and includes (a) institutional settings, including airports, toll roads, travel plazas and other transportation facilities, colleges and universities, schools, hospitals, military facilities, governmental and municipal facilities, and office or in-plant food service facilities, (b) recreational settings, including, but not limited to, hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, public or private athletic fields, public parks and beaches, or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or may be provided by a master concessionaire or contract food service provider, including a shopping mall food court.

"Disclosure Document" means the Franchise Disclosure Document or its equivalent as may be required by Applicable Law.

"Owner" means any and all direct and indirect shareholders, members, partners, trustees, or other equity owners of a Business Entity; except that if FRANCHISOR has any ownership interest in DEVELOPER, the term "Owner" shall not include or refer to FRANCHISOR or its Owners or affiliates, and no obligation or restriction upon the "DEVELOPER," or its Owners, directors or officers shall bind FRANCHISOR, its Owners or affiliates, or their respective Owners, directors or officers.

"Partnership" means any general partnership, limited partnership or limited liability partnership.

"Partnership Rights" means voting power, property, profits or losses, or partnership interests of a Partner.

"Term" shall have the meaning set forth in Section 4 including any extensions thereof.

"Then-current" as used in this Agreement and applied to the Disclosure Document, Franchise Agreement, or Area Development Agreement means the form then currently provided to any prospective franchisees or area developer, or if not then being so provided, then such form selected by

FRANCHISOR which previously shall have been delivered to and executed by a franchisee or area developer of FRANCHISOR.

"Trade Secrets" shall have the meaning set forth in Section 10.E.

"Transfer" means any direct or indirect sale, assignment, transfer, conveyance, gift, declaration of trust, pledge, mortgage or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise of any interest in DEVELOPER or this Agreement.

"System" shall have the meaning set forth in Recital B.

"Venue" means any location or site, which is not a Non-Traditional Venue.

3. GRANT OF RIGHTS; ORGANIZATION OF DEVELOPER

A. Grant. Subject to and in accordance with the terms and conditions of this Agreement and all other agreements between FRANCHISOR and DEVELOPER, DEVELOPER shall construct, equip, open and thereafter continue to operate at Venues within the Development Area not less than the cumulative number of JOHNNY ROCKETS Restaurants set forth in the Development Schedule and within each of the Development Periods specified therein ("Minimum Development Quota").

B. Exclusivity. During the Term, subject to Section 3.C, FRANCHISOR shall not operate or grant a license or franchise to any other person to operate a JOHNNY ROCKETS Restaurant at any Venue within the Development Area.

C. Reservation of Rights. Notwithstanding anything set forth herein to the contrary, and subject to the terms of any Franchise Agreement(s) executed by and between DEVELOPER and FRANCHISOR, FRANCHISOR expressly reserves the exclusive, unrestricted right, directly and indirectly, through its employees, affiliates, representatives, developers, assigns, agents and others (which may include its affiliates and joint ventures in which it or its affiliates are participants), to:

(1) own, operate or license others to operate JOHNNY ROCKETS Restaurants at any location outside the Development Area, including immediately adjacent to the Development Area;

(2) own, operate or license others to operate JOHNNY ROCKETS Restaurants at any site or location which is a Non-Traditional Venue, even if located within the Development Area, and regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development or consideration by DEVELOPER;

(3) own, operate or license others to operate restaurants and other businesses which operate under names other than JOHNNY ROCKETS at any location, whether within or outside the Development Area, and regardless of the proximity to any JOHNNY ROCKETS Restaurant developed or under development or consideration by DEVELOPER; and

(4) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services and/or products, whether or not authorized for sale at JOHNNY ROCKETS Restaurants, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, without geographic limitation, whether within or without the Development Area.

D. No Trademark License. No right or license is granted to DEVELOPER hereunder to use the Marks or the System or any other trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by FRANCHISOR, such right and license being granted solely pursuant to Franchise Agreement(s) executed pursuant to Section 6.B below, and such use shall be limited to the business operations of DEVELOPER's JOHNNY ROCKETS Restaurants as described in such Franchise Agreement(s). DEVELOPER acknowledges FRANCHISOR's right, title and interest in and to the Marks and shall not impede or challenge the registration by FRANCHISOR of its Marks. Except for the limited license granted under the Franchise Agreement(s), DEVELOPER shall acquire no right, title or interest in the Marks, and shall not at any time during or after the Term of this Agreement assert any claim of ownership therein, and any and all goodwill associated with the System and the Marks shall inure exclusively to FRANCHISOR's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with DEVELOPER's use of the System or the Marks.

E. No Sub-franchising to Third Parties. DEVELOPER shall not offer, sell or negotiate the sale of Johnny Rockets franchises to any third party, either in DEVELOPER's own name or on behalf of FRANCHISOR, or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting DEVELOPER the right to do so.

F. Business Entities. If DEVELOPER is a Business Entity, or if this Agreement is assigned to a Business Entity, such entity shall conduct no business other than the business contemplated hereunder and under any executed Franchise Agreement. All Owners of such Business Entity shall represent and warrant their percentage ownership interest in DEVELOPER. The articles of incorporation, articles of organization, articles of partnership, partnership agreement, articles of association, memorandum of association, and other organizational documents of such Business Entity shall be provided to FRANCHISOR promptly upon request and shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement. All issued and outstanding stock or share certificates, if any, of such Business Entity shall bear a legend referring to the restrictions in this Agreement. DEVELOPER shall not conduct any public offering of its securities unless FRANCHISOR consents in writing to such offering. The name of DEVELOPER or any entity formed by DEVELOPER shall not contain the name "JOHNNY ROCKETS" within its name. Further, DEVELOPER shall not use the name "JOHNNY ROCKETS" as part of any domain name or e-mail address as it is a protected name.

G. Guaranty. If DEVELOPER is a Business Entity, all of DEVELOPER's Owners shall execute the Guaranty and Subordination Agreement attached to this Agreement as Exhibit "3" and thereby guaranty the full, faithful and timely performance by DEVELOPER of all of the payments, covenants and other obligations of DEVELOPER under this Agreement. The guarantors under such Guaranty have waived all requirements of notice, demand and presentment, as well as the right to require FRANCHISOR to first pursue any other remedy in FRANCHISOR's power and other similar procedural and substantive rights. The Guaranty is an absolute and unconditional obligation and survives the termination of this Agreement, including upon DEVELOPER's bankruptcy or insolvency.

H. Affiliated Entities. At DEVELOPER's request, FRANCHISOR will permit the Franchise Agreement for any JOHNNY ROCKETS Restaurant in the Development Area to be executed by a Business Entity formed by DEVELOPER to develop and operate the JOHNNY ROCKETS Restaurant ("Affiliated Entity"), provided all of the following conditions are met: (1) DEVELOPER or its Owners own at least 51% of the voting securities of a corporate Affiliated Entity, at least 51% of the membership interests in a limited liability company, Affiliated Entity or all of the general partnership interests of a partnership Affiliated Entity; (2) the Affiliated Entity conducts no business other than the operation of the JOHNNY ROCKETS Restaurant; (3) DEVELOPER and its Owners agree to assume full

and unconditional liability for, and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; and (4) all owners of voting securities of a corporate Affiliated Entity, membership interests of a limited liability company Affiliated Entity or partnership interests of a partnership Affiliated Entity possess a good moral character, as determined by FRANCHISOR, and DEVELOPER provides FRANCHISOR all reasonably requested information to permit FRANCHISOR to make such a determination.

4. TERM

The term of this Agreement ("Term") shall commence on the Effective Date and, unless sooner terminated pursuant to its terms, shall expire at 11:59 p.m. on the date the last Restaurant Site required to be developed under this Agreement is approved by FRANCHISOR. There is no renewal term for this Agreement.

5. FEES

DEVELOPER shall pay to FRANCHISOR in cash or by certified check concurrently with the execution of this Agreement an Area Development Fee in the sum of _____ ($_____) representing Twenty-Thousand Dollars ($20,000) multiplied by _____ (___), which is the number of Restaurants (whether Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and/or Johnny Rockets Drive-Thru Restaurants) required to be opened during the Term as set forth in the Development Schedule ("Area Development Fee"). The Area Development Fee shall be non-refundable, but shall be credited against DEVELOPER's Initial Franchise Fee(s), at the rate of Twenty-Thousand Dollars ($20,000) for each Restaurant opened pursuant to this Agreement (regardless of whether a Johnny Rockets Traditional Restaurant, Johnny Rockets Express Restaurant or Johnny Rockets Drive-Thru Restaurant), the aggregate amount of such credits not to exceed the Area Development Fee.

The Initial Franchise Fee DEVELOPER will pay for each Johnny Rockets Drive-Thru Restaurant to be developed under this Agreement will be $25,000 regardless of the total number of Restaurants DEVELOPER agrees to develop under this Agreement. The Initial Franchisee Fee DEVELOPER will pay for each Johnny Rockets Traditional Restaurant and/or Johnny Rockets Express Restaurant to be developed under this Agreement will vary based on the total number of Restaurants (including Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and Johnny Rockets Drive-Thru Restaurants) DEVELOPER agrees to develop under this Agreement as set forth in the following schedule:

Total Number of Restaurants DEVELOPER Agrees to Open (which may include any combination of Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and Johnny Rockets Drive-Thru Restaurants)	**Initial Franchise Fee for Johnny Rockets Traditional Restaurants and Johnny Rockets Express Restaurants**
1	$49,000 for the first Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant.
2-5	$49,000 for the first Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant and $45,000 for each of the next 4 Johnny Rockets Traditional Restaurants and/or Johnny Rockets Express Restaurants.

6	$49,000 for the first Johnny Rockets Traditional Restaurant or Johnny Rockets Express Restaurant and $45,000 for each of the next 4 Johnny Rockets Traditional Restaurants and/or Johnny Rockets Express Restaurants and $40,000 for the 6th Johnny Rockets Traditional Restaurant and/or Johnny Rockets Express Restaurant and each additional Johnny Rockets Traditional Restaurant and/or Johnny Rockets Express Restaurant developed thereafter as required by this Agreement.

FRANCHISOR reserves the right to waive or defer all or a part of the Area Development Fee under certain circumstances where allowed by applicable law, and where an adjustment is warranted. An adjustment may be warranted depending on location expenses, number of Restaurants to be developed, or other similar demographic and economic factors. There is no formula by which the amount of the adjustment can be determined, as we evaluate each situation on an individual basis.

6. SELECTION OF RESTAURANT SITES; FRANCHISE AGREEMENT AND LEASE

A. Site Approval. DEVELOPER must submit to FRANCHISOR a complete "Site Proposal Package" for each JOHNNY ROCKETS Restaurant to be developed under this Agreement. The Site Proposal Package shall contain such information regarding the proposed Restaurant Site as FRANCHISOR shall require, in the form which FRANCHISOR shall from time to time require, together with a copy of a fully executed letter of intent or purchase agreement containing the terms of the proposed lease for such site. The Site Proposal Package for the first Restaurant Site must be submitted concurrently with DEVELOPER's application for this Agreement. Thereafter, a Site Proposal Package for each remaining Restaurant required to be developed under this Agreement must be submitted to FRANCHISOR in a timely manner to allow the development and opening of the Restaurant by the date required in the Development Schedule. If FRANCHISOR does not reject the proposed Restaurant Site in writing within 30 days after a receipt of a Site Proposal Package, the proposed Restaurant Site shall be deemed preliminarily accepted by FRANCHISOR. FRANCHISOR's acceptance of a Restaurant Site proposed by DEVELOPER will not be unreasonably withheld or delayed.

B. Franchise Agreement and Lease. Promptly after FRANCHISOR's preliminary acceptance or approval of each site:

(1) FRANCHISOR shall deliver to DEVELOPER two (2) execution counterparts of the initial Franchise Agreement pertaining to the preliminarily accepted site. Accompanying the Franchise Agreement, FRANCHISOR will send a cover letter that will include the date on which DEVELOPER may sign the Franchise Agreement pursuant to Federal and State Regulations (the "Signing Date"). Within seven (7) days after the Signing Date, DEVELOPER must sign and return to FRANCHISOR both counterparts of the Franchise Agreement, along with the payment of any Initial Franchise Fee then due and payable as provided in the Franchise Agreement.

(2) Within sixty (60) days after FRANCHISOR's approval of a Restaurant Site (the "Site Approval Date"), DEVELOPER must negotiate and sign an approved lease for the Restaurant Site (which lease shall comply with terms and conditions of the Franchise Agreement). DEVELOPER must submit the proposed lease to FRANCHISOR at least 15 days prior to execution thereof for review and approval by FRANCHISOR. DEVELOPER shall not execute the lease for the site until it has been reviewed and approved by FRANCHISOR. DEVELOPER shall deliver a fully executed copy of the lease to FRANCHISOR within fifteen (15) days following the full execution of the lease, which shall be, in all material respects, identical to the form approved by FRANCHISOR. FRANCHISOR's acceptance of

such lease shall not be a representation or warranty by FRANCHISOR of any matter with respect to said lease, including the adequacy of the protection of DEVELOPER and economic fairness.

(3) After FRANCHISOR's approval of the lease for an approved Restaurant Site:

(a) DEVELOPER and each of its affiliates who then has a currently effective Franchise Agreement or Area Development Agreement with FRANCHISOR shall execute and deliver two copies of a general release on a form prescribed by FRANCHISOR; and

(b) FRANCHISOR shall, promptly upon receipt of said documents and Initial Franchise Fee, execute and return to DEVELOPER one copy of the Franchise Agreement. DEVELOPER shall then commence development, construction and operation of the JOHNNY ROCKETS Restaurant pursuant to the terms of the Franchise Agreement.

(4) Notwithstanding the foregoing, FRANCHISOR's obligation to deliver Franchise Agreements shall be subject to FRANCHISOR's legal authority to do so, and if FRANCHISOR is not legally able to deliver a Franchise Disclosure Document to DEVELOPER by reason of any lapse or expiration of its franchise registration, or because FRANCHISOR is in the process of amending any such registration, or for any reason beyond FRANCHISOR's reasonable control, FRANCHISOR may delay approval of the site for DEVELOPER's proposed JOHNNY ROCKETS Restaurant and delivery of its Franchise Disclosure Document until such time as FRANCHISOR is legally able to deliver a Franchise Disclosure Document. In no event shall FRANCHISOR be liable to DEVELOPER for any loss, cost or expense occasioned by such delays.

C. **Condition Precedent to FRANCHISOR's Obligations.** It shall be a condition precedent to FRANCHISOR's obligations pursuant to Section 6.B, that DEVELOPER shall have performed all of his obligations under and pursuant to all agreements between DEVELOPER and FRANCHISOR.

D. **Lease Terms.** DEVELOPER shall consult its own attorneys and other advisors to determine the adequacy of any lease as it relates to DEVELOPER. As a condition of its approval of the lease but not by way of limitation, FRANCHISOR requires, at a minimum, that the lease contain language satisfactory to FRANCHISOR as provided in the applicable Franchise Agreement.

7. DEVELOPER DEVELOPMENT OBLIGATIONS

A. **Operating Restrictions.** DEVELOPER's rights under this Agreement shall be at all times subject to the condition that the total number of JOHNNY ROCKETS Restaurants owned and operated by DEVELOPER in the Development Area shall be maintained at no less than the Minimum Development Quota. DEVELOPER shall not, without FRANCHISOR's written consent, construct, equip, open and operate more JOHNNY ROCKETS Restaurants within the Development Area than the Minimum Development Quota.

B. **Failure to Satisfy Minimum Development Quota or Development Schedule.** DEVELOPER must sign a Franchise Agreement for each Restaurant and open each Restaurant and commence business in accordance with the dates set forth in Exhibit "2", the Development Schedule. If at any time the Minimum Development Quota or any part of the Development Schedule is not satisfied, then FRANCHISOR shall have the right to exercise FRANCHISOR's termination rights pursuant to Section 12 of this Agreement.

The foregoing notwithstanding, DEVELOPER may, subject to FRANCHISOR's approval, purchase from FRANCHISOR an extension to an Opening Date (as defined in Exhibit 2) as may be necessary for DEVELOPER to complete construction and commence operation of a Restaurant (each, an "Opening Date Extension"). Each Opening Date Extension may be purchased at a cost of Ten Thousand Dollars ($10,000) (the "Opening Date Extension Fee") and will extend the Opening Date for a period of ninety (90) days. No more than two (2) Opening Date Extensions will be permitted for any Restaurant. No Opening Date Extension will affect the duration or completion date of any other development period or any of DEVELOPER's other development obligations under this Agreement.

C. Restaurant Closures

(1) If a JOHNNY ROCKETS Restaurant owned and operated by DEVELOPER is destroyed or damaged so that such restaurant cannot continue to operate, then DEVELOPER: (a) shall repair and restore such JOHNNY ROCKETS Restaurant to FRANCHISOR's then approved plans and specifications; or (b) shall secure a substitute site pursuant to the procedure set forth in Section 6.

(2) DEVELOPER shall complete the repair and restoration of the JOHNNY ROCKETS RESTAURANT as soon as possible but not later than 120 days after the occurrence of such destruction or damage subject to delays permitted by Section 15.L. If the destruction or damage which results in the JOHNNY ROCKETS Restaurant closure is so extensive such that reconstruction and reopening is reasonably anticipated not to be possible within said 120 days, DEVELOPER must locate a substitute location and submit to FRANCHISOR for approval such substitute location within 360 days after the JOHNNY ROCKETS Restaurant closure. DEVELOPER shall open the new JOHNNY ROCKETS Restaurant within 180 days after FRANCHISOR's approval of such substitute location.

(3) The destroyed or damaged JOHNNY ROCKETS Restaurant shall continue to count toward satisfaction of the Minimum Development Quota (until such substitute location opens), provided that if a JOHNNY ROCKETS Restaurant owned by DEVELOPER stops operating for any other reason, or if DEVELOPER fails to repair, restore, or substitute a JOHNNY ROCKETS Restaurant owned by it within said 360 day time period provided above, such JOHNNY ROCKETS Restaurant shall then cease to count toward satisfaction of the Minimum Development Quota.

D. Compliance with Laws. DEVELOPER shall comply in all respects with all Applicable Laws.

8. INDEMNIFICATION

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

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

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

9. TRANSFER

A. Transfer by FRANCHISOR. This Agreement is fully assignable by FRANCHISOR and inures to the benefit of any assignee or any other legal successor to the interest of FRANCHISOR. DEVELOPER agrees to execute any forms that FRANCHISOR may reasonably request to effectuate any such transfer or assignment by FRANCHISOR.

B. Transfer by DEVELOPER. This Agreement is entered into by FRANCHISOR with specific reliance upon DEVELOPER's personal experience, skills, and managerial and financial qualifications. Consequently, this Agreement, and DEVELOPER's rights and obligations under it, are and will remain personal to DEVELOPER. DEVELOPER may only transfer its rights and interests under this Agreement if (i) at least 50% of the total number of Restaurants required to be opened under this Agreement are open and operating at the time of a proposed Transfer, (ii) DEVELOPER obtains FRANCHISOR's prior written consent, (iii) DEVELOPER is not in default under this Agreement or any other agreement with FRANCHISOR at the time a transfer is requested or made, and (iv) DEVELOPER transfers all of its rights and interests under all Franchise Agreements for JOHNNY ROCKETS Restaurants in the Development Area. The assignment terms and conditions as set forth in Sections 15.B and 15.D of the Franchise Agreements shall apply to any Transfer of DEVELOPER's rights and interests under this Agreement. In addition to the assignment terms and conditions set forth in the Franchise Agreement, transferee must, at FRANCHISOR's election, sign the then-current Franchise Agreement for all transferred JOHNNY ROCKETS Restaurants and DEVELOPER shall pay to FRANCHISOR a transfer fee of Five Thousand Dollars ($5,000) ("Transfer Fee") to cover FRANCHISOR's administrative and other expenses in connection with the Transfer; provided, however, that the full Transfer Fee shall not be required in the case of (1) a Transfer by DEVELOPER upon death of DEVELOPER, or (2) a Transfer by DEVELOPER to a corporation formed by DEVELOPER solely for convenience of ownership, which Transfer shall require the payment of a transfer fee of One Thousand Dollars ($1,000). The Transfer Fee for this Agreement is separate from and in addition to any transfer fees under the Franchise Agreement. FRANCHISOR also shall have the right, without limitation, to consider whether the price and terms of payment are so burdensome as to adversely affect the future development and operations of the Development Area and the JOHNNY ROCKETS Restaurants located therein. It shall be reasonable for FRANCHISOR to disapprove any proposed Transfer if, as a result thereof, the ownership interests in DEVELOPER will be, in FRANCHISOR's reasonable business judgment, so widely held by different persons as to materially compromise the financial stake and dedication of those person(s) in whose individual or collective character, skill, attitude, and business ability, FRANCHISOR has placed reliance in entering into this Agreement or is willing to place reliance in approving such Transfer. As used in this

Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, transfer due to death or disability of DEVELOPER, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of DEVELOPER'S assets, or of any interest in DEVELOPER.

C. **FRANCHISOR's Right of First Refusal.** If DEVELOPER or its owners shall at any time decide to undertake any Transfer requiring FRANCHISOR's consent pursuant to Section 9.B, DEVELOPER or its owners must first obtain a bona fide, executed, written offer from a qualified, responsible and fully disclosed purchaser and shall submit an exact copy of such offer to FRANCHISOR. As noted in Section 9.B above, DEVELOPER may only transfer its rights under this Agreement if it obtains FRANCHISOR's prior written consent and DEVELOPER transfers of all of its rights and interests under all Franchise Agreements for JOHNNY ROCKETS Restaurants in the Development Area. Accordingly, the terms and conditions under which FRANCHISOR may exercise its right of first refusal under the terms of the Franchise Agreements shall apply to FRANCHISOR'S right of first refusal under this Agreement.

10. NON-COMPETITION AND NON-SOLICITATION

A. In-Term Competition

During the Term of this Agreement, neither DEVELOPER nor any of its Owners, officers, or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by DEVELOPER of JOHNNY ROCKETS Restaurants or ownership of not more than five percent (5%) of the outstanding stock, voting and nonvoting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any other restaurant or food service operations.

B. Post-Term Competition

For two (2) years following the termination or expiration of this Agreement, or upon the Transfer of this Agreement, neither DEVELOPER nor its Owners, officers or directors (or similar executives) shall directly or indirectly engage or be financially involved in (except for operation by DEVELOPER of JOHNNY ROCKETS Restaurants or ownership of not more than five percent (5%) of the outstanding stock, voting and non-voting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any business where the sale of hamburgers, chili, malts or related products collectively account for ten percent (10%) or more of the total sales of such business: (1) within the Development Area; (2) within the county in which any JOHNNY ROCKETS Restaurant operated by DEVELOPER is located, or (3) within an area within ten miles from the location of any then existing, or under development, JOHNNY ROCKETS Restaurant, without FRANCHISOR's prior written consent. In applying for such consent, DEVELOPER will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with FRANCHISOR or other franchisees or area developers of FRANCHISOR.

C. Modification

The parties have attempted in Section 10.B above to limit DEVELOPER's right to compete only to the extent necessary to protect FRANCHISOR from unfair or unreasonable competition. The parties hereby expressly agree that if the scope or enforceability of Section 10.B is disputed at any time by DEVELOPER, a court or arbitrator, as the case may be, may modify either or both of such provisions to

the extent that it deems necessary to make such provision(s) enforceable under applicable law. In addition, FRANCHISOR reserves the right to reduce the scope of either, or both, of said provisions without DEVELOPER's consent, at any time or times, effective immediately upon notice to DEVELOPER.

D. Employees of FRANCHISOR

DEVELOPER shall not interfere with the employees and agents of FRANCHISOR in the performance of such employees' and agents' duties. DEVELOPER further agrees that during the Term of this Agreement, and for one (1) year thereafter, it will not employ or seek to employ any of FRANCHISOR's employees or agents, any employees or agents of FRANCHISOR's parent or affiliates, or any of FRANCHISOR's franchisees for a period of at least one (1) year following the separation of any such employee from employment by FRANCHISOR or its parent or affiliates or the termination of an agency relationship with FRANCHISOR, its parent or affiliate, nor shall DEVELOPER induce, contract or solicit in any manner whatsoever any such employee or agent during such period to leave such employment or affiliation.

In addition to the other rights and remedies provided herein and at law or in equity, and not in lieu thereof, in the event DEVELOPER violates the provisions of this Section 10.D, DEVELOPER shall pay to FRANCHISOR the sum of One Hundred Thousand Dollars ($100,000). DEVELOPER acknowledges that FRANCHISOR, FRANCHISOR's parent, affiliates and other franchisees have expended a substantial amount of time and money in the selection and training of their respective employees and agents and that FRANCHISOR, FRANCHISOR's parent, affiliates or other franchisees would suffer substantial loss and damage in the event DEVELOPER violates such provisions. DEVELOPER further agrees and acknowledges that this provision and the payment described herein is therefore reasonable under the circumstances existing as of the date of this Agreement.

11. RELATIONSHIP OF THE PARTIES

DEVELOPER is and shall be an independent contractor. Neither DEVELOPER nor any employee or agent of DEVELOPER shall be deemed to be an employee, commercial agent or agent of any kind, of FRANCHISOR and DEVELOPER will never contend otherwise. DEVELOPER expressly agrees, and will never contend otherwise, that FRANCHISOR does not have the direct or indirect power to hire, fire or control any of DEVELOPER's employees. Neither DEVELOPER nor any of its employees whose compensation DEVELOPER pays may in any way, directly or indirectly, expressly or by implication, be construed to be FRANCHISOR's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. DEVELOPER expressly agrees, and will never contend otherwise, that FRANCHISOR's authority under this Agreement does not directly or indirectly vest in FRANCHISOR the power to hire, fire or control any of DEVELOPER's employees. Nothing contained in this Agreement shall be construed so as to create a partnership, joint venture, commercial or other agency, and neither party to this Agreement shall be liable for the debts or obligations of the other. Since DEVELOPER acknowledges that it is an independent contractor and not an agent, DEVELOPER shall not at any time attempt in any way to register this Agreement as agency contracts or itself as a commercial or other agent with a federal or municipal authority without the prior written consent of FRANCHISOR. If DEVELOPER is a business entity, DEVELOPER must not use "Johnny Rockets" in the name of such entity.

12. TERMINATION

A. Termination Without Cure Period

In addition to the grounds for termination that may be stated elsewhere in this Agreement, FRANCHISOR may terminate this Agreement, and the rights granted by this Agreement, upon notice to DEVELOPER without opportunity to cure upon the occurrence of any of the following:

(1) The termination or nonrenewal of any Franchise Agreement in accordance with that Franchise Agreement's terms;

(2) Any attempted Transfer in violation of Section 9 of this Agreement;

(3) The attachment of any involuntary lien in the sum of $15,000 or more upon any of the business assets or property of DEVELOPER, which lien is not promptly removed or bonded in full;

(4) There is a material breach of any obligation under Section 10 of this Agreement;

(5) Any material misrepresentation by DEVELOPER relating to its application to enter into this Agreement or conduct by DEVELOPER which reflects materially and unfavorably upon the operation and reputation of FRANCHISOR or the Johnny Rockets System;

(6) Any seizure, take over or foreclosure of DEVELOPER's business by a government official in the exercise of his duties, or by a creditor, lienholder or lessor, as a final judgment against DEVELOPER remains unsatisfied for thirty (30) days (unless a superseder or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the licensed business and it is not discharged within five (5) days of such levy;

(7) DEVELOPER, or any of its Owners, is convicted of, or pleads nolo contendere to, a felony or any other criminal misconduct, or any offense involving moral turpitude, which FRANCHISOR deems relevant to the development and operation of JOHNNY ROCKETS Restaurants;

(8) DEVELOPER, or any of its Owners, make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for DEVELOPER or any Restaurant operated by DEVELOPER.

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

(10) The failure to satisfy or maintain the Minimum Development Quota at any time during the Term of this Agreement;

(11) DEVELOPER's failure to perform any development obligations within the time required under this Agreement or the Franchise Agreement; or

(12) DEVELOPER or any Owner remains in default beyond the applicable cure period under any other agreement with FRANCHISOR or its affiliates (provided that, if the default is not by DEVELOPER, DEVELOPER is given written notice of the default and a thirty (30) day period to cure the default).

B. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 12.A, DEVELOPER shall have (a) five (5) business days for monetary defaults, or (b) thirty (30) calendar days for non-monetary defaults, after receipt of written notice of default from FRANCHISOR in which to remedy the default and provide evidence of that remedy to FRANCHISOR. If any such default is not cured within that time, this Agreement shall terminate without further notice to DEVELOPER effective immediately upon expiration of that time, unless FRANCHISOR notifies DEVELOPER otherwise in writing.

(2) Notwithstanding the foregoing, if any breach or defect cannot be cured within the applicable time period, this Agreement shall not be deemed terminated if DEVELOPER shall give FRANCHISOR written notice of such fact and commence the cure of such breach or defect within the applicable time period and diligently prosecute such cure to completion. FRANCHISOR shall have the right to reject any such notice if, in FRANCHISOR's reasonable judgment, the breach or defect specified is capable of being cured within the applicable period.

(3) DEVELOPER acknowledges and agrees that complete performance of all the terms of this Agreement is necessary for the protection of FRANCHISOR, the System and the Marks and that complete and exact performance by DEVELOPER of each of his promises contained herein is a condition to the continuance of this license. If DEVELOPER has received two or more notices of default within the previous six (6) months, FRANCHISOR will send DEVELOPER a notice of termination upon DEVELOPER's next default within that 12 month period under this Section 12.B without providing DEVELOPER an opportunity to remedy the default.

C. Notwithstanding the provisions described in this Section 12, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the Development Area and/or the parties to this Agreement limits FRANCHISOR's rights of termination under this Agreement or requires different or longer notice periods than those set forth herein, Section 12 is deemed amended to conform to the minimum notice periods or restrictions upon termination required by such rules and regulations. FRANCHISOR shall not however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of this Agreement.

D. Obligations upon Termination

Upon termination or expiration of this Agreement:

(1) DEVELOPER shall immediately pay FRANCHISOR and its affiliates all sums due and owing FRANCHISOR or its affiliates pursuant to this Agreement, including, but not limited to, liquidated damages in the amount of Ten Thousand Dollars ($10,000.00) per restaurant for each JOHNNY ROCKETS Restaurant DEVELOPER fails to open as required under this Agreement;

(2) DEVELOPER shall have no further right to develop or open JOHNNY ROCKETS Restaurants in the Development Area;

(3) DEVELOPER shall turn over to FRANCHISOR the Manuals and all copies of all reports, records, files, instructions, correspondence, agreements and any and all other materials relating to JOHNNY ROCKETS Restaurants developed under this Agreement in DEVELOPER's possession and all copies thereof (all of which are hereby acknowledged to be FRANCHISOR's sole property);

(4) DEVELOPER and all persons and entities subject to the covenants contained in Section 10 of this Agreement shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants;

(5) FRANCHISOR may retain all fees and liquidated damages paid pursuant to this Agreement;

(6) All obligations of FRANCHISOR to DEVELOPER and all rights of DEVELOPER under this Agreement shall automatically terminate. However, any obligations of DEVELOPER to take, or abstain from taking, any action upon termination pursuant to this Agreement shall not be affected by such termination, including the payment to FRANCHISOR of all sums due from DEVELOPER at the time of termination; and

(7) DEVELOPER shall not, except with respect to a restaurant franchised by FRANCHISOR or its affiliates which is then open and operating pursuant to an effective Franchise Agreement: (a) operate or do business under any name or in any manner that might tend to give the public the impression that DEVELOPER is connected in any way with FRANCHISOR or its affiliates or has any right to use the System or the Marks; (b) make, use or avail itself of any of the materials or information furnished or disclosed by FRANCHISOR or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (c) assist anyone not licensed by FRANCHISOR or its affiliates to construct or equip a foodservice outlet substantially similar to a JOHNNY ROCKETS Restaurant.

13. ENFORCEMENT

A. Injunction

FRANCHISOR shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (a) the development of JOHNNY ROCKETS Restaurants by DEVELOPER; (b) the obligations of DEVELOPER upon termination or expiration of this Agreement; (c) a Transfer of this Agreement; (d) as necessary to prohibit any act or omission by DEVELOPER or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to FRANCHISOR and/or FRANCHISOR's other franchisees; and (e) enforcement of the provisions of Section 10.E.

B. Arbitration

Except as otherwise provided in this Agreement, and except for claims of promissory fraud, DEVELOPER and FRANCHISOR agree that any claim, controversy or dispute arising out of or relating to this Agreement (and exhibits) including those occurring subsequent to the termination or expiration of this Agreement shall, except as specifically set forth herein and in Section 13.A be referred to arbitration in accordance with the rules of arbitration of the American Arbitration Association (or any successor thereto), as amended and The Federal Arbitration Act, 9 U.S.C.A. Section 1 – 14 shall apply. If such

rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control.

(1) Selection of Panel. Each party shall select one (1) qualified arbitrator and the two (2) arbitrators shall select a third qualified arbitrator. Failing selection of an arbitrator by either party, or by the two (2) selected by the parties, the additional arbitrator(s) who have not yet been selected shall be selected by the American Arbitration Association or any successor thereof.

(2) Qualifications of Arbitrators. Each arbitrator must meet or exceed each of the following criteria, or in the event no such arbitrator is available, the parties shall select an arbitrator that meets or exceeds as many of the following criteria as possible:

(a) (i) forty (40) years of age; (ii) five (5) years experience as corporate officer or area supervisor (or similar position) for a multi-unit restaurant or chain having annual system wide gross sales in excess of One Hundred Million Dollars ($100,000,000) for its past two (2) fiscal years, ("Qualified JOHNNY ROCKETS Restaurant Position"); and (iii) employed in a Qualified JOHNNY ROCKETS Restaurant Position within last twenty-four (24) months; or

(b) ten (10) years of legal experience with the majority of their practice in franchise law.

(3) Rules. The arbitration proceeding shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association where such rules are not inconsistent with the provisions of this Section and the following supplemental rules:

(a) Location of Arbitration: The arbitration shall be administered by the American Arbitration Association office nearest to FRANCHISOR's principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which FRANCHISOR's principal offices are located at that time.

(b) Time Periods:

(i) Appointment Of Arbitrators By Parties: Thirty (30) days from Notice of Arbitration.

(ii) Appointment Of Third Arbitrator: Thirty (30) days from appointment of first two (2) arbitrators by the parties.

(iii) Initial Hearing: Thirty (30) days from appointment of third arbitrator.

(iv) Deadline For Decision Of Arbitrators: Thirty (30) days from conclusion of hearing.

(c) Discovery. There shall be no discovery except as follows. Each side may take five (5) depositions. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration. Each party is responsible for the expenses of any witnesses that it calls. Each party shall have the right to subpoena witnesses and documents for the arbitration.

(d) Expenses. The expenses of the arbitration proceeding shall be borne by the losing party.

(e) Binding Effect of Award. The arbitration shall be final and binding upon the parties and judgment upon an award rendered by the Arbitrator may be entered in any court of competent jurisdiction.

(f) Prosecution of Claims: All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of DEVELOPER and FRANCHISOR, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other DEVELOPER.

(g) Limitation on Damages: The arbitrators shall have no power or authority to grant punitive or exemplary damages as part of its award.

14. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to:

FRANCHISOR: JOHNNY ROCKETS LICENSING, LLC
2 South Pointe Drive, Suite 200
Lake Forest, California 92630-2299
Attn: Vice President, Franchise Operations
Facsimile Number: (866) 209-9523

DEVELOPER: [DEVELOPER'S NAME]
Address
City, State, Zip
Attn: Contact
Facsimile Number: (___) ___-____
E-mail Address:

Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt or first rejection and may be: (1) delivered personally; (2) transmitted by facsimile to the number(s) set forth above with electronic confirmation of receipt; (3) mailed in the United States mail postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

15. MISCELLANEOUS

A. Further Acts

The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

B. Heirs and Successors

This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

C. Entire Agreement

FRANCHISEE and FRANCHISOR acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement and all Exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all other prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to DEVELOPER. This Agreement may not be modified except by a written instrument signed by the parties to this Agreement.

DEVELOPER acknowledges that it is entering into this Agreement as a result of its own independent investigation of FRANCHISOR'S franchised business and not as a result of any representations about FRANCHISOR made by FRANCHISOR'S shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to DEVELOPER pursuant to applicable law.

D. Waiver

Failure by either party to enforce any rights under this Agreement shall not be construed as waiver of such rights. Any waiver, including waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by FRANCHISOR from DEVELOPER shall not constitute a waiver of any default except as to the payment of the particular payment or performance so received.

E. Headings and Table of Contents

The headings and table of contents used herein are for purposes of convenience only and shall not be used in construing the provisions of this Agreement.

F. Effectiveness

The submission of this Agreement does not constitute an offer of a franchise and this Agreement shall become effective only upon execution thereof by FRANCHISOR and DEVELOPER. Each of the parties hereto represents to the other that it has the power and authority to enter into this Agreement and perform its obligations hereunder.

G. Third Parties

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party shall have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of any such provision.

H. Attorneys' Fees, Costs and Expenses

If either party commences any legal action or arbitration against the other party arising out of or in connection with this Agreement, the prevailing party, as determined by the court or arbitrator(s) having jurisdiction over such action or arbitration, shall be entitled to have and recover from the other party its costs and expenses, including, but not limited to reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court and arbitration costs, litigation

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

I. Governing Law

Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the state in which the Area Developer's Development Area is located, or if in more than one (1) state, the state in which the majority of the Development Area is located without regard to conflicts of law principles. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portion and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in effect. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, DEVELOPER waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

J. Venue

Any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties that is not subject to arbitration under Section 20, must be brought in State or federal court located nearest to FRANCHISOR's principal offices at the time the action, claim, suit or demand is made. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this paragraph will survive termination of this Agreement. DEVELOPER is aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

K. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

L. Severability

In the event that any term or provision in this Agreement is held to be invalid, void, illegal or unenforceable in any respect, the Agreement shall not fail, but shall be deemed amended to delete the void or unenforceable term or provision and the remainder of this Agreement shall be enforced in accordance with its terms and shall not in any way be affected or impaired thereby. In the event that any term or provision of this Agreement is held to be unreasonable, the same shall not fail, but shall be deemed amended only to the extent necessary to render it reasonable and the parties agree to be bound by the same as thus amended.

M. Approvals and Interpretation

Whenever in this Agreement a right of approval, an option or any other discretionary right is reserved to FRANCHISOR, and any consent, approval or authorization of FRANCHISOR which DEVELOPER may be required to obtain hereunder, FRANCHISOR may exercise such right or grant or withhold its approval, and on any occasion where FRANCHISOR is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets FRANCHISOR's standards or satisfaction, FRANCHISOR may do so in its sole subjective judgment, unless its right is expressly circumscribed by a contrary provision in the text applicable thereto. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section of this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense and without limitation.

N. Time

Whenever a time is given in this Agreement for the performance of an act, such time is of the essence of this Agreement and may not be extended without the written agreement of the party who is entitled to receive the performance specified, which extension it may grant or withhold.

O. Our Rights

Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of other express limitations set forth in this Agreement.

P. Our Reasonable Business Judgment

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System.

[Signature page follows]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date first set forth above on Page 1 of this Agreement.

FRANCHISOR:

JOHNNY ROCKETS LICENSING, LLC,
a California limited liability company

By: _____
Name: JOHN M. MAGUIRE
Its: President & Chief Executive Officer

By: _____
Name: ALAN S. HINSON
Its: Executive Director, Legal Services & Assistant Secretary

DEVELOPER:

[DEVELOPER'S NAME]
a _____ corporation/limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT "1"

DEVELOPMENT AREA

The **Development Area** referred to in Section 3.A of the **Area Development Agreement** by and between **JOHNNY ROCKETS LICENSING, LLC** and **[DEVELOPER'S NAME]** shall be:

County limits of _____ including the metro city of _____ in the State of _____

DEVELOPER's rights in the Development Area shall be subject to the limitations described in Section 3. Any political boundaries contained in the description of the Development Area shall be considered fixed as of the date of this Agreement and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.

EXHIBIT "2"

DEVELOPMENT SCHEDULE

The **Minimum Development Quota** referred to in Section 7 of the **Area Development Agreement** by and between **JOHNNY ROCKETS LICENSING, LLC** and **[DEVELOPER'S NAME]** shall be as follows:

> [DEVELOPER'S NAME], guarantees to have a minimum of _____ (____) JOHNNY ROCKETS Restaurants in operation per the Development Schedule by the dates set forth below:

Franchised Restaurant Number	Date by which Franchise Agreement must be signed	Date by which the Restaurant must be opened and continuously operating for business ("Opening Date)	Cumulative number of Restaurants required to be open and continuously operating for business as of the Opening Date in the preceding column
1			1
2			2
3			3

EXHIBIT "3"

GUARANTY
AND
SUBORDINATION AGREEMENT

In order to induce **JOHNNY ROCKETS LICENSING, LLC** ("FRANCHISOR") to enter into an Area Development Agreement ("Area Development Agreement"), dated the _____ day of _____, ____, with **[DEVELOPER'S NAME]** ("DEVELOPER"), the undersigned ("Guarantors"), each of whom is a direct or indirect shareholder, member, partner, or trustee of DEVELOPER ("Owner") hereby personally and unconditionally: (1) guarantee to FRANCHISOR and its successors and assigns, for the term of the Agreement and thereafter as provided in the Area Development Agreement, that DEVELOPER shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement and any other agreement (whether or not in effect on the date of this Agreement) between DEVELOPER and FRANCHISOR, or any of its affiliates, including but not limited to any area development agreement, Franchise Agreement, security agreement, purchase agreement, sublease or promissory note, and all extensions or renewals thereof (collectively, "Agreements"); (2) agree personally to be bound by each and every provision in the Agreements, including, without limitation, the provisions of Sections 8 and 10 of the Area Development Agreement; and (3) agree personally to be liable for the breach of each and every provision in the Agreements, including, without limitation, Section 10 of the Area Development Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by FRANCHISOR of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against DEVELOPER or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against DEVELOPER arising as a result of the execution of and performance under this Guaranty by the undersigned; (6) any law or statute which requires that FRANCHISOR make demand upon, assert claims against or collect from DEVELOPER or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against DEVELOPER or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guaranty decided by a jury.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreements upon demand if DEVELOPER fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against DEVELOPER or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreements, any extension of time, credit or other indulgence which FRANCHISOR may from time to time grant to DEVELOPER or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreements and for so long thereafter as there are monies or obligations owing from DEVELOPER to FRANCHISOR or its affiliates under the Agreements; (5) any indebtedness by

DEVELOPER to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by DEVELOPER to FRANCHISOR; (6) as long as DEVELOPER owes any monies to FRANCHISOR (other than royalty and advertising and payments that are not past due) DEVELOPER will not pay and the undersigned will not accept payment of any part of any indebtedness owed by DEVELOPER to any one of the undersigned, either directly or indirectly, without the consent of FRANCHISOR; and (7) monies received from any source by FRANCHISOR for application toward payment of the obligations under the Agreements and under this Guaranty may be applied in any manner or order deemed appropriate by FRANCHISOR. In addition, if any of the undersigned ceases to own any interest in DEVELOPER prior to termination or expiration of the Agreements, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless FRANCHISOR, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 10.B. of the Area Development Agreement shall remain in force and effect for a period of two years after any such release by FRANCHISOR. A release by FRANCHISOR of any of the undersigned shall not affect the obligations of any other Guarantor.

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

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

This Guaranty shall not be affected by the modification, amendment, extension, release or renewal of any agreement between FRANCHISOR and DEVELOPER, the taking of a note or other obligation from DEVELOPER or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against DEVELOPER of bankruptcy, insolvency, reorganization of other debtor's relief afforded by the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of DEVELOPER's obligations or liability to FRANCHISOR, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Agreements including all renewals, modifications, amendments and extensions thereof, are fully paid and satisfied, provided that this Guaranty shall automatically terminate on the second anniversary of the effective date of any Transfer of the Area Development Agreement (as defined in the Area Development Agreement) and provided further that neither the Area Development Agreement nor

any other agreement between FRANCHISOR and the transferee of such Transfer shall be in default on such effective date nor has been in default (whether or not cured) during such two year period.

If any of the following events occur, a default ("Default") under this Guaranty shall exist: (1) failure of timely payment or performance of the obligations under this Guaranty; (2) breach of any agreement or representation contained or referred to in this Guaranty; (3) the death of, appointment of a guardian for, dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice.

Section 13 of the Area Development Agreement is incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Area Development Agreement.

IN WITNESS THEREOF, the undersigned have constituted this Agreement on the date set forth below.

Dated: _____, 20__

_____, Guarantor
Name: _____

_____, Guarantor
Name: _____

EXHIBIT "4"

CURRENT FORM OF FRANCHISE AGREEMENT

EXHIBIT D

GIFT CARD PARTICIPATION AGREEMENT

Form of

PARTICIPATION AGREEMENT

WHEREAS, _____, a _____ ("Participant") owns and operates a _____ pursuant to a franchise arrangement with Johnny Rockets Licensing, LLC ("Franchisor").

WHEREAS, Franchisor and Stored Value Systems, Inc. ("SVS") have entered into that certain Services Agreement (the "Services Agreement") dated _____, 20___, for SVS to provide services in connection with Franchisor's Cash Card Program whereby Cash Cards are issued to the customers for use as gift certificates, promotional cards and store credit; and

WHEREAS, the Services Agreement provides that Participant may participate in the Cash Card Program by executing this Participation Agreement.

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

1. Participation in Cash Card Program. By entering into this Agreement, Participant elects and agrees to participate in the Cash Card Program and agrees to be bound by the terms and provisions of the Services Agreement applicable to Participant, as the same may be amended from time to time, including without limitation, its obligation to make payment of all amounts owed by Participant in connection with the Cash Card Program.

2. ACH Authorization. Participant understands and agrees that amounts due and owing from Participant to SVS in connection with the Cash Card Program will be automatically debited from Participant's designated bank account(s) by ACH. Participant understands and agrees that SVS is acting as settlement agent for Participant and other participants in the Cash Card Program for the settlement of Cash Card redemptions between Cash Card Program participants. Accordingly, SVS will initiate ACH debits from and credits to Participant's designated bank account(s) for amounts due to/from Participant for redemptions of Cash Cards. In order to set up the ACH settlement process, Participant will complete and transmit electronically to SVS an information spreadsheet in the form provided by SVS. Participant also will complete and sign an ACH Authorization Form, in the form provided by SVS, and will send the original to Participant's bank and a copy to SVS. While the Cash Card Program is in effect, Participant will provide updated information and forms as requested by SVS, including, such information and forms as needed for any new locations opened by Participant.

3. Funding. Participant acknowledges, agrees and understands that proper funding of its designated bank account(s) for the Cash Card Program is necessary to ensure fair and efficient administration of the Cash Card Program. Participant agrees to ensure that its bank accounts are properly funded for the ACH settlement process and for ACH debits of settlement fees owed to SVS.

4. Confidentiality. Participant acknowledges that the Services Agreement is confidential and that Participant may be provided access to other Confidential Information of SVS. Participant agrees to maintain the confidentiality of all SVS Confidential Information in accordance with the confidentiality provisions in the Services Agreement.

5. No Assignment. This Participation Agreement is not assignable, in whole or in part, without the prior written approval of Franchisor and SVS.

6. Compliance with Laws. Participant is responsible for complying with all applicable laws relating to its Cash Card Program, including, without limitation, unclaimed property laws and consumer protection laws.

7. Miscellaneous All capitalized terms not defined herein shall have the meaning attributable thereto in the Services Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Participation Agreement as of the ____ day of_____, 20__.

PARTICIPANT:_____ Address:_____

By:_____ _____

Printed Name:_____ _____

Title:_____ _____

EXHIBIT E

GENERAL RELEASE

GENERAL RELEASE

This General Release ("**Release**") is made by the undersigned _____ (hereinafter "**Releasor**") for the benefit of Johnny Rockets Licensing, LLC, a California limited liability company, (hereinafter "**Johnny Rockets**"), on this __ day of _____, 20__ (the "**Effective Date**").

RECITALS

WHEREAS, Releasor is a Johnny Rockets Franchisee and operates a Johnny Rockets Restaurant located at _____ pursuant to a Franchise Agreement dated _____ ("**Franchise Agreement**");

WHEREAS, Releasor desires to execute an additional Franchise Agreement for a Johnny Rockets Restaurant to be located at _____;

WHEREAS, in consideration for the execution of the Franchise Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Releasor has agreed to execute a general release of Johnny Rockets;

NOW, THEREFORE, Releasor hereby covenants and promises as follows:

1. Release.

(a) Releasor hereby absolutely and forever releases and discharges Johnny Rockets from any and all claims, demands, damages, debts, liabilities, accounts, costs, expenses, liens, losses, charges, actions, suits, proceedings and causes of action of every kind and nature whatsoever (hereinafter "**Released Matters**"), whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Johnny Rockets.

(b) Releasor hereby acknowledges that he is familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor."

Releasor hereby waives and relinquishes every right or benefit which he has under Section 1542 of the Civil Code of the State of California, and under any similar provision of any other applicable law, to the full extent that he may lawfully waive such right or benefit pertaining to the subject matter of this General Release. In connection with such waiver and relinquishment, with respect to the Released matters, Releasor hereby acknowledges that he is aware that he may hereafter discover facts in addition to or different from those which he now knows or believes to be true with respect to the subject matter of this General Release, but that it is his intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected,

which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

(c) Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's attorneys, officers, directors, employees, agents, heirs, estate executors, administrators, successors, affiliates, associates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean all parties executing this General Release, and all parties shall be bound by its terms.

(d) Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of any and all of Johnny Rockets' attorneys, officers, directors, employees, agents, authorized representatives, estate, legal representatives, successors, affiliates, associates and assigns, and its and their respective insurers and underwriters.

(e) Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made with respect to this General Release, other than those set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranty, agreement or covenant not set forth herein.

2. **Governing Law and Jurisdiction.** This General Release and all acts and transactions under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisee's JOHNNY ROCKETS Restaurant is located.

3. **Voluntary Nature of Agreement.** Releasor acknowledges and agrees that he has entered into this Agreement voluntarily and without any coercion. Releasor hereby certifies that he has read all of this General Release and fully understands all of the same and that he has executed this General Release only after having received full legal advice and disclosure as to his rights from legal counsel of his choice.

4. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

IN WITNESS WHEREOF, the party hereto has executed this General Release effective as of the date first set forth above.

RELEASOR

By: _____
Name: _____
Title: _____

EXHIBIT F

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

In consideration of the willingness of JOHNNY ROCKETS LICENSING, LLC ("JRL") to permit me to review JRL's Confidential Development and Operations Manuals ("Manuals") before entering into an Area Development or Franchise Agreement, the person(s) signing below ("Prospective Franchisee") agree, individually and as owner(s), officer(s), director(s), manager(s) or partner(s) of any corporation, limited liability company or partnership that may enter into an agreement with JRL, as follows:

1. **Definition.** As used in this Agreement, the term "Confidential Information" means all information contained in the Manuals and all other information whether or not in written form or designated as confidential relating to the Johnny Rockets System disclosed to Prospective Franchisee except: information which is now or hereafter becomes generally known (other than by unauthorized disclosure, whether deliberate or inadvertent, by Prospective Franchisee or by any other person, firm or corporation with which Prospective Franchisee is affiliated); information which was in Prospective Franchisee's possession at the time of receipt of the Manuals; and information which comes into Prospective Franchisee's possession after the date of this Agreement from a source not under an obligation of secrecy to JRL.

2. **Non-Use and Non-Disclosure.** Prospective Franchisee may use the Confidential Information solely for purposes of evaluating whether or not to pursue a franchise relationship with JRL. Except as expressly authorized by JRL in writing, Prospective Franchisee agrees to maintain all Confidential Information in strict confidence and not to use, or permit others to use, Confidential Information for any purpose other than evaluation of a possible franchise relationship. Prospective Franchisee shall not disclose any Confidential Information to anyone other than Prospective Franchisee's employees, and/or third parties authorized by JRL to receive Confidential information, each of whom: (a) has a reasonable need to know such Confidential Information; (b) has been advised of the confidential nature of the Confidential Information; and (c) if requested by JRL, has signed an agreement, in a form satisfactory to JRL, obligating the employee or third party to comply with all the provisions of this Agreement.

3. **Restrictions on Copying.** Prospective Franchisee shall not make any copies of any Confidential Information. Prospective Franchisee agrees not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any of the Confidential Information.

4. **Obligations Upon Termination.** If Prospective Franchisee does not enter into a franchise relationship with JRL, Prospective Franchisee shall: (a) immediately cease to use the Confidential Information; (b) immediately return to JRL the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and (c) at the request of JRL, certify in writing that Prospective Franchisee has complied with subsections (a) and (b) above.

5. **Ownership of Materials.** Prospective Franchisee acknowledges that all Confidential Information, and all copies thereof (whether or not such copies were authorized), shall remain the exclusive property of JRL and/or its affiliates. Prospective Franchisee shall not acquire any rights in or to such materials pursuant to this Agreement.

6. **Term of Obligation.** If Prospective Franchisee does not enter into a franchise relationship with JRL, Prospective Franchisee's obligations of non-use and non-disclosure with respect to particular items of Confidential Information will remain in effect for so long as Prospective Franchisee possesses, in any manner or form, Confidential Information.

7. **Notice of Loss of Confidentiality.** Prospective Franchisee shall immediately notify JRL of any information that comes to its attention which indicates that there has been or may be a loss of confidentiality of any of the Confidential Information or breach of this Agreement.

8. **Governing Law and Jurisdiction.** This Agreement and any claim or controversy arising out of or relating to this Agreement or rights and obligations of the parties under this Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts of laws principles. If any provision of this Agreement is deemed invalid, unreasonable or unenforceable by a court of competent jurisdiction, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court. Any claim that either party may have against the other which is not related to this Agreement will be a separate matter and will not be a defense against enforcement of this Agreement or justify any violation of this Agreement. The parties agree that, to the extent any disputes cannot be resolved directly between them, Prospective Franchisee shall file suit against JRL only in the federal or state court having jurisdiction where JRL's principal offices are located at the time suit is filed. JRL may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Prospective Franchisee resides or does business or where the claim arose. Prospective Franchisee consents to the personal jurisdiction of those courts over Prospective Franchisee and to venue in those courts.

9. **Injunctive Relief.** Prospective Franchisee acknowledges and agrees that: (a) a breach of this Agreement by Prospective Franchisee, its employees or third parties to whom Prospective Franchisee has disclosed the Confidential Information would result in irreparable harm to JRL, the extent of which would be difficult to ascertain; (b) monetary damages would be an inadequate remedy for such a breach; and (c) JRL shall be entitled to specific performance and injunctive or other equitable relief as a court may deem appropriate in the event of such a breach without posting a bond or other security.

10. **Indemnification and Attorneys' Fees.** Prospective Franchisee agrees to indemnify, defend and hold harmless JRL and its subsidiaries, affiliates, successors and assigns and their past and present directors, officers, employees, agents and representatives from any and all claims, demands and damages (including reasonable attorneys' fees) incurred in connection with or resulting from any breach of any obligation under this Agreement by Prospective Franchisee or Prospective Franchisee's employees or agents. If JRL institutes any proceedings to enforce its rights, or the obligations of Prospective Franchisee, under this Agreement, the prevailing party in such proceeding shall be entitled to recover its reasonable costs and expenses (including, reasonable attorneys' fees and expenses) incurred in connection with any such proceeding.

11. **Benefit of Agreement.** Prospective Franchisee agrees and acknowledges that JRL shall be the beneficiary of Prospective Franchisee's obligations under this Agreement and JRL shall be entitled to all rights and remedies conferred upon JRL hereunder.

[Signature page immediately following]

Signature	Signature
Print Name	Print Name
Date:	Date:

EXHIBIT G

LIST OF FRANCHISEES AND AREA DEVELOPERS

AREA DEVELOPERS

JOHNNY ROCKETS LICENSING, LLC

List of Area Developers
Open Franchised Restaurants
(as of 01/01/17)

California

Festival Fun Parks, LLC
4590 MacArthur Blvd., 4th Floor
Newport Beach, CA 92660
949 797-9705
(Development Area is in their Amusement Parks located throughout the USA, but office is in CA)

Hawaii and Guam
Fun Foods, LLC
91-246 Oihana Street
Kapolei, HI 96707
808-682-5767

Illinois
Horizon JR Oshkosh, LLC
6250 N. River Road, Suite 10400
Rosemont, IL 60018
847-292-1872
(Development Area is in their Factory and Outlet Malls located in various States in the USA, but office is in IL)

New Jersey

J. Rockets Development, LLC
15A Melanie Lane
E. Hanover, NJ 07936
973-463-9555
(Development Area is all hotels and casinos owned by Harrah's and Ceasar's Entertainment, but office is in NJ)
(No Restaurants open by the end of FY'16)

Tennessee
DK3, LLC
212 S. Peters Road, Suite 200
Knoxville, TN 37923
865-384-7667

Texas
Rotema LLC
51 Los Mesquites Lane
Brownsville, TX 78520
956-336-9836

Cruzar Group, LLC
303 N. Oregon Street, Suite #230
El Paso, TX 79901
915-472-9118

JOHNNY ROCKETS LICENSING, LLC

List of Restaurant Franchisees and Mobile Kitchen Franchisees
(as of 01/01/17)

Name	Address	City	ST	ZIP	Phone
JONES, Craig	331 Summit Blvd.	Birmingham	AL	35243	(205) 298-0700
JONES, Craig	3230 Galleria Circle, Ste. 101	Hoover	AL	35244	(205) 560-0600
PABINI, Akbar	11201 Bass Pro Parkway, Sp. F04	Little Rock	AR	72209	(501) 455-7600
THOMSON, Kevin	555 Middle Verde Rd.	Camp Verde	AZ	86322	(928) 567-5158
THOMSON, Kevin	2270 E. Williams Field Rd., Building B, Suite 101	Gilbert	AZ	85295	(480) 722-1848
RIVA, "Rip" Richard	7700 W. Arrowhead Center S-2202	Glendale	AZ	85308	(623) 487-3524
RIVA, "Rip" Richard	9390 W. Hanna Drive Unit B109	Glendale	AZ	85305	(623) 877-2977
RIVA, "Rip" Richard	2805 W. Agua Fria Fwy	Phoenix	AZ	85027	(623) 587-5593
RIVA, "Rip" Richard	7014 Camelback Rd. Sp. 576	Scottsdale	AZ	85251	(480)423-1505
THOMSON, Kevin	5000 Arizona Mills Circle, Ste. 235**	Tempe	AZ	85282	(480) 755-4024
KHALEGHIAN, Reza	321 W. Katella Avenue	Anaheim	CA	92802	(714) 491-1800
AZINIAN, Robert (Bobby) & Karen	400 S Baldwin Ave	Arcadia	CA	91007	(626) 462-1800
NIKKHESSAL, Nick	9000 Ming Ave., Unit H-1	Bakersfield	CA	93311	(661) 664-1311
JR SA, INC.	1065 Brea Mall, Sp. 2159	Brea	CA	92821	(714) 784-6815
CEDAR FAIR	8039 Beach Blvd.	Buena Park	CA	90620	(714) 220-5005
AZINIAN, Robert (Bobby) & Karen	4709 Commons Way, Ste. J	Calabasas	CA	91302	(818) 222-3460
THOMAS, Nick &SIMONI, Marriette	640 E. Ventura Blvd. #1201	Camarillo	CA	92648	(805) 484-9999
AMINPOUR, Steve	15103 Mainside Center	Camp Pendleton	CA	92055	(760) 829-1260
APEX PARKS GROUP, LLC	17871 Castleton Street	City of Industry	CA	91748	(626) 913-3747
MUNIR, Tariq	280 Palladio Parkway	Folsom	CA	95630	(916) 358-9285
AZINIAN, Robert (Bobby) & Karen	6801 Hollywood Blvd., Ste. 325	Hollywood	CA	90028	(323) 465-4456
AZINIAN, Robert (Bobby) & Karen	120 5th Street	Huntington Beach	CA	92648	(714) 960-9011
KHALEGHIAN, Reza	7801 Edinger Ave. Ste. 122	Huntington Beach	CA	92647	(714) 901-1100

Name	Address	City	ST	ZIP	Phone
GHOMI, Alex & JAVADI, Max	73 Fortune Drive, Sp 101	Irvine	CA	92618	(949) 753-8144
AAKAR ENTERPRISES LLC	2774 Livermore Outlets Drive, Space #FC7	Livermore	CA	94551	(925) 292-8231
BAGHERI, Angie	245 Pine Ave., Ste. 110	Long Beach	CA	90802	(562) 983-1332
JR BH, Inc.	131 South Central Avenue	Los Angeles	CA	90012	(213) 687-8206
KHALEGHIAN, Reza	100 N. La Cienega Blvd	Los Angeles	CA	90048	(310) 289-0400
KHALEGHIAN, Reza	1550-C Rosecrans Ave.	Manhattan Beach	CA	90266	(310) 536-9464
HAMILTON, Ken	1 Mills Circle	Ontario	CA	91764	(909) 466-0015
HAMILTON, Ken	7800 Kew Avenue	Rancho Cucamonga	CA	91739	(909) 463-2800
KHALEGHIAN, Reza	1815 Hawthorne Blvd., Ste. 352	Redondo Beach	CA	90278	(310) 542-2019
MUNIR, Tariq	1689 Arden Way	Sacramento	CA	95815	(916) 564-9567
CRUZAR CALIFORNIA I, LLC	4545 La Jolla Village Drive	San Diego	CA	92122	(551) 427-1900
SUGARMAN, Lloyd	81 Jefferson St.	San Francisco	CA	94133	(415) 693-9120
FESTIVAL FUN PARKS, LLC	2333 S. White Road	San Jose	CA	95148	(408) 238-9900
NIKKHESSAL, Nick	840 Blossom Hill	San Jose	CA	95123	(408) 229-1414
NIKKHESSAL, Nick	150 South First St., Ste. 115	San Jose	CA	95113	(408) 977-1414
JR SA, INC.	2800 N. Main Street	Santa Ana	CA	92705	(657) 212-5599
KHALEGHIAN, Reza	395 Santa Monica Place	Santa Monica	CA	90401	(310) 395-3131
GHOMI, Alex & JAVADI, Max	3525 W. Carson St., Ste. 75	Torrance	CA	90503	(310) 214-4051
AZINIAN, Robert (Bobby) & Karen	1000 Universal Studios Blvd.	Universal City	CA	91608	(818) 505-3957
GHOMI, Alex & JAVADI, Max	24425 Town Center Dr.,	Valencia	CA	91355	(661) 291-2590
SIX FLAGS, INC.	26101 Magic Mountain Pkwy	Valencia	CA	91355	(661) 255-4978
SIX FLAGS, INC.	1001 Fairgrounds Drive	Vallejo	CA	94589	(707) 556-5661
SIX FLAGS, INC.	1001 Fairgrounds Drive	Vallejo	CA	94589	(707) 556-5661
FESTIVAL FUN PARKS, LLC	1525 W. Vista Way	Vista	CA	92083	(790) 945-9474
GIESEN, Dave	3000 E. 1st St., Sp. 113	Denver	CO	80206	(303) 399-5522
FESTIVAL FUN PARKS, LLC	822 Lake Avenue	Bristol	CT	6010	(860) 583-3300
SUGARMAN, Lloyd	455 Trolley Line Blvd.	Mashantucket	CT	6338	(860) 383-2005

Name	Address	City	ST	ZIP	Phone
SUGARMAN, Lloyd	1201 Boston Post Road, #FC-1	Millford	CT	6460	(203) 878-4220
SUGARMAN, Lloyd	1 Mohegan Street	Uncasville	CT	6382	(860) 862-3797
SUGARMAN, Lloyd	1 Mohegan Sun Street	Uncasville	CT	6382	(860) 862-9226
KAZEMIAN, Gholam (Kaz)	50 Massachusetts Avenue NE	Washington	DC	20002	(202) 289-6969
CHIANG, Homer	250 N. Atlantic Ave.	Daytona Beach	FL	32118	(386) 238-3574
CHIANG, Homer	595 E. International Speedway Blvd.	Deland	FL	32724	(386) 729-7751
COMPASS GROUP USA, INC.	421 N. Woodland Blvd.	Deland	FL	32723	(386) 822-4009
MATTHEWS, Edward	4348 Legendary Drive, Suite B-108	Destin	FL	32541	(850) 837-0005
EVERSHINE II, LLC	3230 North John Young Pkwy	Kissimmee	FL	34741	(407) 870-5310
SULEIMAN, David	976 Old Mill Run	Lady Lake	FL	32162	(352) 259-0051
ALENCAR, Marcos	2398 Grand Cypress Dr., #991	Lutz	FL	33559	(813) 948-8015
ELDRIDGE, Ken & Diana	11401 NW 12 St., Ste. E-508	Miami	FL	33172	(305) 500-9923
ELDRIDGE, Ken & Diana	20505 South Dixie Highway	Miami	FL	33189	(305) 971-2578
ELDRIDGE, Ken & Diana	1455 107th Avenue	Miami	FL	33172	(305) 470-0090
ELDRIDGE, Ken & Diana	7535 N. Kendall Drive #1490	Miami	FL	33156	(305) 663-8864
KECHEJIAN, John	4200 Conroy Road, #253-A	Orlando	FL	32839	(407) 903-1006
ELDRIDGE, Ken & Diana	5701 Sunset Drive, Ste. 270	South Miami	FL	33143	(305) 663-1004
ELDRIDGE, Ken & Diana	2608 Sawgrass Mills Circle #1303	Sunrise	FL	33323	(954) 514-2715
TRON, Fabienne	7989 Citrus Park Town Center	Tampa	FL	33625	(813) 926-6335
SNYDER, Steve (Son: Scott)	280 Luckie Street	Atlanta	GA	30313	(404) 688-4114
SNYDER, Steve (Son: Scott)	3500 Peachtree Road	Atlanta	GA	30326	(404) 233-9867
SIX FLAGS, INC.	275 Riverside Pkwy	Austell	GA	30168	(770) 948-9290
SHAHROKHATLANTA LLC	6700 Douglas Blvd., Ste. 2000	Douglasville	GA	30135	(770) 577-2636
SHARMA, Chand	200 Tanger Outlet Blvd., Sp. 811	Pooler	GA	31322	(912) 450-9666
HORIZON GROUP PROPERTIES, INC.	915 Ridgeview Parkway	Woodstock	GA	30188	(678) 483-6524
FUN FOODS LLC	1000 Kam Highway, #226	Pearl City	HI	96782	(808) 367-1748
SIX FLAGS, INC.	542 North Route 21	Gurnee	IL	60031	(847) 249-2133

Name	Address	City	ST	ZIP	Phone
SIX FLAGS, INC.	542 North Route 21	Gurnee	IL	60031	(847) 249-2133
HORIZON GROUP PROPERTIES, INC.	1155 Buck Creek Rd., Ste. #720	Simpsonville	KY	40067	(502) 722-5362
SUGARMAN, Lloyd	387 Massachusetts Avenue	Acton	MA	1720	(978) 263-5351
SIX FLAGS, INC.	1623 Main Street	Agawam	MA	1001	(413) 786-9300
HOST INTERNATIONAL, INC.	300 Terminal "C" Rd, Gate C28	Boston	MA	2128	(617) 634-6031
BEAUREGARD, Bob	250 Granite	Braintree	MA	2184	(781) 843-5250
SUGARMAN, Lloyd	One Burlington Mall, Sp. 1079	Burlington	MA	1803	(781) 273-2727
SABA, Mohammad	301 Light Street, Space 1620	Baltimore	MD	21202	(410) 347-5757
SIX FLAGS, INC.	13710 Central Avenue	Bowie	MD	20721	(301) 249-1500
HOST INTERNATIONAL, INC.	7000 Arundel Mills Circle, Ste. FC	Hanover	MD	21076	(443) 755-9900
CENTERPLATE CONCESSIONS	1600 FedEx Way	Landover	MD	20785	(301) 276-6000
CENTERPLATE CONCESSIONS	1600 FedEx Way	Landover	MD	20785	(301) 276-6000
CENTERPLATE CONCESSIONS	1600 FedEx Way	Landover	MD	20785	(301) 276-6000
CENTERPLATE CONCESSIONS	1600 FedEx Way	Landover	MD	20785	(301) 276-6000
CENTERPLATE CONCESSIONS	1600 FedEx Way	Landover	MD	20785	(301) 276-6000
WOOD, Godfrey	1 Freeport Village, Suite 300	Freeport	ME	4032	(207) 865-6070
WOOD , Godfrey	324 Maine Mall Road	South Portland	ME	4106	(207) 774-8090
LLJBT Construction LLC	1123 129th Avenue	Wayland	MI	49348	(269) 792-7777
SUGARMAN, Lloyd	370 South Blvd., Sp. S-370	Bloomington	MN	55425	(952) 858-8158
SIX FLAGS, INC.	4900 Six Flags Road	Eureka	MO	63025	(636) 938-5300
TRIBAL CASINO GAMING ENTERPRISE	777 Cherokee Drive	Cherokee	NC	28719	(828) 497-8484
MARTINSON, Randy	3902 13th Avenue S.	Fargo	ND	58103	(701) 364-5646
WHITE, Bill	1900 Pacific Avenue	Atlantic City	NJ	8401	(609) 348-0725
WHITE, Bill	180 State Hwy 35	Eaton Towne	NJ	7724	(732) 389-1120
COMPASS GROUP, USA	101 Vera King Farris Drive	Galloway	NJ	8205	(609) 652-4364
WHITE, Bill	134 Washington St.	Hoboken	NJ	7030	(973) 659-2620
SIX FLAGS, INC.	Six Flags on Route 537	Jackson	NJ	8527	(732) 928-2000

Name	Address	City	ST	ZIP	Phone
SIX FLAGS, INC.	Six Flags on Route 537	Jackson	NJ	8527	(732) 928-2000
WHITE, Bill	30 Mall Drive West	Jersey City	NJ	7302	(201) 963-4002
LAGUNA DEVELOPMENT CORP.	14500 Central Southwest	Albuquerque	NM	87121	(505) 352-7884
MAJESTIC INVESTMENTS LLC	6600 Menaul Blvd NE	Albuquerque	NM	87110	(505) 884-4667
THOMSON, Kevin	10000 Coors Bypass NW, Sp. C1	Albuquerque	NM	87114	(505) 792-9800
BURGER, Eugene	4600 Snyder Avenue #B	Carson City	NV	89701	(775) 883-2607
AZINIAN, Robert (Bobby) & Karen	3333 Blue Diamond Rd, Suite 101	Las Vegas	NV	89139	(702) 385-0759
AZINIAN, Robert (Bobby) & Karen	7300 Aliante Pkwy	Las Vegas	NV	89084	(702) 399-2149
BONANNO, Frank	3377 Las Vegas Blvd. South	Las Vegas	NV	89109	(702) 699-5387
BONANNO, Frank	3200 Las Vegas Blvd South	Las Vegas	NV	89109	(702) 784-0107
BONANNO, Frank	4300 Meadows Lane	Las Vegas	NV	89107	(702) 258-3410
BONANNO, Frank	3555 Las Vegas Blvd. South	Las Vegas	NV	89109	(702) 369-4011
BONANNO, Frank	3645 Las Vegas Blvd. South	Las Vegas	NV	89117	(702) 489-9330
BONANNO, Frank	3950 Las Vegas Blvd. South	Las Vegas	NV	89119	(702) 786-6773
BONANNO, Frank	3850 Las Vegas Blvd. South	Las Vegas	NV	89119	(702) 570-6011
BONANNO, Frank	3799 Las Vegas Blvd. South	Las Vegas	NV	89109	(702) 597-0131
BONANNO, Frank	3900 Las Vegas Blvd. South	Las Vegas	NV	89109	(702) 545-0044
BONANNO, Frank	3770 Las Vegas Blvd. South	Las Vegas	NV	89109	(702) 823-5985
JR CROSSGATES, LLC	1 Crossgates Mall Road	Albany	NY	12203	(518) 862-0200
Legends Hospitality Management	One East 161st Street	Bronx	NY	10451	(718) 293-4300
Legends Hospitality Management	One East 161st Street	Bronx	NY	10451	(718) 293-4300
Legends Hospitality Management	One East 161st Street	Bronx	NY	10451	(718) 293-4300
Legends Hospitality Management	One East 161st Street	Bronx	NY	10451	(718) 293-4300
FESTIVAL FUN PARKS, LLC	2549 Splish Splash Drive	Calverton	NY	11933	(631) 727-3600
RANDAZZO, Tom	1002 The Arches Circle	Deer Park	NY	11729	(631) 595-7090
GELSHENEN, Joe	Roosevelt Field Mall, Sp. 2108**	Garden City	NY	11530	(516) 746-8781
CHU, Paul	8028 Cooper Ave.	Glendale	NY	11385	(718) 381-3300
JR MIDDLETOWN, LLC	1 N. Galleria Drive, Ste. B-115	Middletown	NY	10941	(845) 692-7004
SUGARMAN, Lloyd	930 Third Avenue	New York	NY	10002	(212) 813-0003

Name	Address	City	ST	ZIP	Phone
SIX FLAGS, INC.	89 Six Flags Drive	Queensbury	NY	12804	(518) 824-6000
ISANI, Saniya	1000 Colonel Ellen Collins Blvd.	Syracuse	NY	13212	(315) 299-6974
HOST INTERNATIONAL, INC.	4600 International Gateway	Columbus	OH	43219	(614) 239-2225
CEDAR FAIR	One Cedar Point Drive	Sandusky	OH	44870	(419) 626-0830
OKLAHOMA STATE UNIVERSITY	470 Student Union	Stillwater	OK	74078	405 744-2911
MUSCOGEE CREEK NATION	8330 Riverside Parkway	Tulsa	OK	74137	(918) 995-8300
HUGHES, Michael	5 Radcliff	Moosic	PA	18507	(570) 961-8461
WHITE, Bill	443 South Street	Philadelphia	PA	19147	(215) 829-9222
HUGHES, Michael	1000 Montage Mountain Rd.	Scranton	PA	18507	(570) 969-7669
JR CROSSINGS 1, INC.	1000 Premium Outlets Drive	Tannersville	PA	18372	(570) 629-2020
HORIZON GROUP PROPERTIES, INC.	4800 Kennywood Blvd.	West Mifflin	PA	15122	(412) 461-0500
SUGARMAN, Lloyd	1280 Highway 315	Wilkes-Barre	PA	18702	(570) 235-1067
SUGARMAN, Lloyd	400 New London Turnpike, Ste. 100	Cranston	RI	2910	(401) 228-7833
SUGARMAN, Lloyd	1600 Louisquisset Pike	Lincoln	RI	2865	(401) 475-8446
SUGARMAN, Lloyd	1600 Louisquisset Pike	Lincoln	RI	2865	(401) 475-8446
SUGARMAN, Lloyd	59 Providence Place	Providence	RI	2903	(401) 270-0902
SUGARMAN, Lloyd	269 Thayer Street	Providence	RI	2903	(401) 276-0003
HOST INTERNATIONAL, INC.	2000 Post Road	Warwick	RI	2886	(401) 732-5140
Frankie's Fun Park of Greenville, LLC	45 Park Woodruff Drive	Greenville	SC	29607	(864) 627-9888
MCKENZIE, Dave	1216 Celebrity Circle	Myrtle Beach	SC	29578	(843) 448-8575
MCKENZIE, Dave	4712-A Highway 17 South	N. Myrtle Beach	SC	29582	(843) 361-0191
KENNEDY, Chad	735 Parkway #2	Gatlinburg	TN	37738	(865) 430-5842
SUGARMAN, Lloyd	134 Opry Mills Drive	Nashville	TN	37214	(615) 970-7434
SIX FLAGS, INC.	2201 Road To Six Flags	Arlington	TX	76010	(817) 640-8900
RGV BEST BURGER, LLC	3340 Pablo Kisel Blvd.	Brownsville	TX	78520	(956) 621-0704
FESTIVAL FUN PARKS, LLC	11130 Malibu Drive	Dallas	TX	75228	(972) 2477223
CRUZAR FOODS 1, LLC	2119 N. Mesa	El Paso	TX	79902	(915) 201-3290

Name	Address	City	ST	ZIP	Phone
CRUZAR FOODS 2, LLC	8401 Gateway West Blvd.	El Paso	TX	79925	(915) 201-3140
RGV BEST BURGER, LLC	7718 McPherson, Unit 106G	Laredo	TX	78045	(956) 538-1842
CALIFORNIA BEST BURGERS, LLC	3300 E. Expressway 83, Suite 150	McAllen	TX	78501	(956) 630-6094
SIX FLAGS, INC.	17000 I-10 West	San Antonio	TX	78257	(210) 697-5000
SIX FLAGS, INC.	17000 IH-10 West	San Antonio	TX	78257	(210) 697-5000
ROTEMA LLC	849 E. Commerce, #677	San Antonio	TX	78205	(220) 444-0744
WESTON ENTERTAINMENT	3939 IH-35 South Suite 900	San Marcos	TX	78666	(512) 392-7499
RGV BEST BURGER, LLC	410 Plaza Blvd, Suite 108	South Padre Island	TX	78597	(956) 433-5504
GHOMI, Alex & JAVADI, Max	875 W. East Promontory	Farmington	UT	84025	(801) 451-4621
GHOMI, Alex & JAVADI, Max	3700 N. Cabela's Blvd., Suite 353	Lehi	UT	84043	(801) 901-1343
GHOMI, Alex & JAVADI, Max	36 So. Main Street, Unit 240	Salt Lake City	UT	84111	(801) 441-1660
GMB Group, Ltd	22855 Brambleton Plaza	Brambleton	VA	20148	(703) 327-9255
VNC Rockets 2, LLC	7300 Hancock Village Drive	Chesterfield	VA	23832	(804) 360-9602
VNC Rockets 3, LLC	5930 Harbor Park Drive	Midlothian	VA	23112	(804) 739-9155
VNC Rockets 1, LLC	11680 West Broad Street	Richmond	VA	23233	(804) 360-9602
VNC Rockets 4, LLC	601 E. Leigh Street	Richmond	VA	23219	(804) 739-9121
AZINIAN, Robert (Bobby) & Karen	1101 SuperMall Way, Ste. 1021	Auburn	WA	98001	(253) 735-2449
AZINIAN, Robert (Bobby) & Karen	418 Ramsey Way	Kent	WA	98031	(253) 854-1573
AZINIAN, Robert (Bobby) & Karen	600 Pine St.	Seattle	WA	98101	(206) 749-9803
AZINIAN, Robert (Bobby) & Karen	633 South Center Mall	Tukwila	WA	98188	(206) 242-9065
HOST International, Inc.	5300 South Howell Avenue	Milwaukee	WI	53207	(414) 747-5252
HORIZON GROUP PROPERTIES, INC.	3015 S. Washburn Street	Oshkosh	WI	54904	(920) 230-2510

List of Franchisees who have a signed Franchise Agreement but are not yet operational
(as of 01/01/17)

J. ROCKETS ODYSEA, LLC
9500 E. Via de Ventura, C-200
Scottsdale, AZ 85256

CLASSIC CASUAL CONCEPTS, LLC
2223 N. Westshore
Tampa, FL 33607

FUN FOODS LLC
315 Maka'alala Street, Ste. 106
Hilo, HI 96720

UNITED DEVELOPMENT VENTURES, LLC
3230 Brunswick Pike
Lawrence Township, NJ 08648

JR ALBANY, LLC
51 South Pearl Street
Albany, NY 12207

CONEY ISLAND BEACH ENTERPRISE INC.
1223 Surf Avenue – Coney Island
Brooklyn, NY 11224

HORIZON JR LAREDO, LLC
1600 Water Street
Laredo, TX 78040

EXHIBIT H

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

(Dollar amounts in thousands, except share data)

Assets

	As of July 2, 2017	As of January 1, 2017
Current assets:		
Cash	$ 1	$ 190
Franchise fees receivable, net of allowance doubtful accounts	3,368	3,016
Inventories	186	225
Other receivables	157	491
Other current assets	937	1,054
Deferred tax assets	2,770	2,770
Total current assets	7,419	7,746
Property and equipment, at cost:		
Furniture, fixtures and equipment	4,911	4,823
Leasehold improvements	6,751	5,829
Construction in progress	15	970
Total property and equipment, at cost	11,677	11,622
Less accumulated depreciation	(3,649)	(3,201)
Net property and equipment	8,028	8,421
Other assets:		
Goodwill	16,677	16,677
Intangible assets	48,120	49,664
Other assets	1,350	985
Total other assets	66,147	67,326
Total assets	$ 81,594	$ 83,493

Liabilities and Shareholder's Equity

	As of January 1, 2017	As of January 1, 2017
Current liabilities:		
Accounts payable	$ 1,501	$ 1,663
Due to affiliates	3,548	2,094
Accrued expenses	3,572	4,643
Accrued disposition reserves	79	182
Deferred franchise fees, current portion	221	424
Long-term debt, current portion	9	9
Total current liabilities	8,930	9,015
Accrued disposition reserves, net of current portion	-	20
Deferred franchise fees, net of current portion	380	277
Deferred tax liabilities	6,766	6,766
Long-term debt, net of current portion	69	73
Long-term debt (Sundae PIK)	45,351	43,254
Long-term debt (Friendly's PIK)	15,013	14,899
Long-term debt (Sun PIK)	16,281	15,779
Other long-term liabilities	779	711
Total liabilities	93,569	90,794
Commitments and contingencies (Note 12)		
Shareholder's equity:		
Common stock, $0.01 par value: 10,000 shares authorized, 1,000 shares issued and outstanding	-	-
Additional paid-in-capital	15,863	15,863
Accumulated deficit	(27,838)	(23,164)
Total shareholder's equity	(11,975)	(7,301)
Total liabilities and shareholder's equity	$ 81,594	$ 83,493

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statement of Operations

(Dollar amounts in thousands)

	For the 6 Months Ended July 2, 2017	For the Year Ended January 1, 2017
Revenues:		
Restaurant sales	$ 14,598	$ 28,310
Franchise royalties	7,327	14,835
Initial country and franchise fees and rental income	1,475	8,239
Total revenues	23,400	51,384
Operating expenses:		
Cost of sales	3,910	7,278
Labor costs	5,304	9,596
Other restaurant operating costs	2,226	3,652
Occupancy costs	2,979	7,006
General and administrative expenses	8,123	15,382
Depreciation and amortization	2,248	4,109
Provision for impairment of long-lived assets	-	44
Impairment of goodwill	-	16,417
Loss on disposal of assets, net	144	232
Gain on purchase of franchise restaurant	-	(86)
Provision for store closures	-	205
Total operating expenses	24,934	63,835
Income (loss) from operations	(1,534)	(12,451)
Other expense:		
Interest expense, net	2,836	5,973
Loss before income taxes	(4,370)	(18,424)
Provision for income taxes (benefit)	302	(1,271)
Net Loss	$ (4,672)	$ (17,153)

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Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Johnny Rockets Group, Inc. and Subsidiaries

As of and for the years ended January 1, 2017 and January 3, 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
The Johnny Rockets Group, Inc.

Audit • Tax • Advisory

Grant Thornton LLP
18400 Von Karman, Suite 900
Irvine, CA 92612

T 949.553.1600
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We have audited the accompanying consolidated financial statements of The Johnny Rockets Group, Inc. (a Delaware corporation) and subsidiaries (collectively, the "Company" or "JRG"), which comprise the consolidated balance sheets as of January 1, 2017 and January 3, 2016 and the related consolidated statements of operations, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Johnny Rockets Group, Inc. and subsidiaries as of January 1, 2017 and January 3, 2016 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Irvine, California
April 5, 2017

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(Dollar amounts in thousands)

Assets

	As of January 1, 2017	As of January 3, 2016
Current assets:		
Cash	$ 190	$ 2,278
Franchise fees receivable, net of allowance doubtful accounts	3,016	1,868
Inventories	225	184
Other receivables	491	478
Other current assets	1,054	422
Deferred tax assets	2,770	1,670
Total current assets	7,746	6,900
Property and equipment, at cost:		
Furniture, fixtures and equipment	4,823	3,112
Leasehold improvements	5,829	4,068
Construction in progress	970	167
Total property and equipment, at cost	11,622	7,347
Less accumulated depreciation	(3,201)	(2,856)
Net property and equipment	8,421	4,491
Other assets:		
Goodwill	16,677	33,094
Intangible assets	49,664	52,686
Other assets	985	147
Total other assets	67,326	85,927
Total assets	$ 83,493	$ 97,318

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets - Continued
(Dollar amounts in thousands)

Liabilities and Shareholder's Equity

	As of January 1, 2017	As of January 3, 2016
Current liabilities:		
Accounts payable	$ 1,663	$ 1,368
Due to affiliates	2,094	2,504
Accrued expenses	4,643	2,687
Accrued disposition reserves	182	156
Deferred franchise fees, current portion	424	836
Long-term debt, current portion	9	1,722
Total current liabilities	9,015	9,273
Accrued disposition reserves, net of current portion	20	24
Deferred franchise fees, net of current portion	277	2,712
Deferred tax liabilities	6,766	7,605
Long-term debt, net of current portion	73	38,143
Long-term debt (Sundae PIK)	43,254	-
Long-term debt (Friendly's PIK)	14,899	14,643
Long-term debt (Sun PIK)	15,779	14,820
Other long-term liabilities	711	430
Total liabilities	90,794	87,650
Commitments and contingencies (Note 12)		
Shareholder's equity:		
Common stock, $0.01 par value: 10,000 shares authorized, 1,000 shares issued and outstanding	-	-
Additional paid-in-capital	15,863	15,679
Accumulated deficit	(23,164)	(6,011)
Total shareholder's equity	(7,301)	9,668
Total liabilities and shareholder's equity	$ 83,493	$ 97,318

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Dollar amounts in thousands)

	For the Year Ended January 1, 2017	For the Year Ended January 3, 2016
Revenues:		
Restaurant sales	$ 28,310	$ 30,728
Franchise royalties	14,835	16,008
Initial country and franchise fees and rental income	8,239	2,708
Total revenues	51,384	49,444
Operating expenses:		
Cost of sales	7,278	8,104
Labor costs	9,596	10,166
Other restaurant operating costs	3,652	3,731
Occupancy costs	7,006	7,803
General and administrative expenses	15,382	12,253
Depreciation and amortization	4,109	4,194
Provision for impairment of long-lived assets	44	155
Impairment of goodwill	16,417	-
Loss on disposal of assets, net	232	511
Gain on purchase of franchise restaurant	(86)	-
Provision for store closures	205	206
Total operating expenses	63,835	47,123
(Loss) income from operations	(12,451)	2,321
Other expense:		
Interest expense, net	5,973	5,964
Loss before income taxes	(18,424)	(3,643)
Provision for income benefit	(1,271)	(1,260)
Net Loss	$ (17,153)	$ (2,383)

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholder's Equity
(Dollar amounts in thousands, except share data)

For the years ended January 1, 2017 and January 3, 2016

	Number of shares	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance at December 28, 2014	1,000	$ -	$ 15,679	$ (3,628)	$ 12,051
Net loss	-	-	-	(2,383)	(2,383)
Balance at January 3, 2016	1,000	$ -	$ 15,679	$ (6,011)	$ 9,668
Net Loss	-	-	-	(17,153)	(17,153)
Stock-based compensation	-	-	184	-	184
Balance at January 1, 2017	1,000	$ -	$ 15,863	$ (23,164)	$ (7,301)

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Dollar amounts in thousands)

	For the Year Ended January 1, 2017	For the Year Ended January 3, 2016
Operating activities:		
Net Loss	$ (17,153)	$ (2,383)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	4,109	4,194
Amortization of capitalized financing costs	530	379
Interest expense on payment in kind notes	3,714	1,402
Impairment of goodwill	16,417	-
Provision for bad debt	27	16
Stock-based compensation	184	-
Impairment loss for long-lived assets	44	155
Loss on disposal of assets	232	511
Provision for store closures	205	206
Gain on purchase of franchise restaurant	(86)	-
Deferred taxes, net	(1,939)	(2,263)
Net change in operating assets and liabilities:		
Franchise fees receivable	(1,175)	(276)
Inventories	(41)	34
Other receivables	(13)	15
Other assets	(1,470)	(258)
Accounts payable	295	438
Due to affiliates	381	(1,130)
Accrued expenses and other long-term liabilities	2,336	200
Accrued disposition reserves	(183)	(244)
Deferred franchise fees	(2,847)	2,167
Net cash provided by operating activities	3,567	3,163
Investing activities:		
Purchases of property and equipment	(4,690)	(1,404)
Purchase of franchise restaurant, net	(616)	-
Net cash used in investing activities	(5,306)	(1,404)
Financing activities:		
Proceeds from issuance of debt	87	-
Principal payments on senior debt	(436)	(2,153)
Net cash used in financing activities	(349)	(2,153)
Net decrease in cash	(2,088)	(394)
Cash, beginning of year	2,278	2,672
Cash, end of year	$ 190	$ 2,278
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,733	$ 3,982
Cash paid for income taxes	$ 17	$ 10

Non-cash transactions:
On June 20, 2016 the former parent of Johnny Rockets Group Inc. sold an affiliated subsidiary. In conjunction with the transaction accrued management fees of $791 and third party Cerberus loan principal and interest of $40,255 were paid off by the parent and new PIK note payable of $41,046 was issued to Johnny Rockets, Inc. The note was then assigned to Sundae Group Holdings I, LLC. (Note 5)

See accompanying notes to consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

The Johnny Rockets Group, Inc., a Delaware corporation, and its subsidiaries (collectively, the "Company" or "JRG") develop, operate, and franchise restaurants under the name "Johnny Rockets, The Original Hamburger." The restaurants are casual-themed, all-American style diners that primarily serve hamburgers, shakes, and American fries. At January 1, 2017, there were 25 Company-owned restaurants and 360 franchised restaurants. Company-owned restaurants are located in Arizona, California, Florida, Illinois, Indiana, Maryland, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Virginia, and Washington, D.C. Franchised restaurants are located throughout the United States and in Bahrain, Bangladesh, Bolivia, Brazil, Canada, Chile, China, Columbia, Costa Rica, Cyprus, Ecuador, Germany, Honduras, India, Indonesia, Italy, Kuwait, Malaysia, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Saudi Arabia, South Korea, Tunisia, and the United Arab Emirates.

On June 6, 2013 (the "Acquisition Date"), Burger Acquisition Co. entered into a Membership Interest Purchase Agreement (the "Agreement"), whereby Burger Acquisition Co., a Delaware corporation and wholly owned subsidiary of Neapolitan Group, LLC (the "Parent"), agreed to purchase all of the outstanding membership interests of JR Group Holdings, LLC ("JRGHL"), a Delaware limited liability company, becoming the single member of JRGHL, the parent of Johnny Rockets Group, Inc. and its subsidiaries. Neapolitan Group, LLC is also a Delaware limited liability company and a wholly owned subsidiary of Sundae Group Holdings I, LLC, a Delaware limited liability company (the "Ultimate Parent").

On June 20, 2016, the Parent of Johnny Rockets Holding Co. ("JRHC") (f/k/a Burger Acquisition Co.) distributed 100% of JRHC shares to Sundae Group Holdings I, LLC.

The following is a summary of JRG's Company-operated and franchised units:

Company Units:	January 1, 2017	January 3, 2016
Beginning of the period	24	28
Openings	4	1
Acquired from (by) franchisees	1	(1)
Closings	(4)	(4)
End of period	25	24
Franchised Units:		
Beginning of the period	325	310
Openings	58	37
Acquired from (by) franchisees	(1)	1
Closings	(22)	(23)
End of period	360	325

NOTE 2 – FRANCHISE RESTAURANT ACQUISITION

In October 2016, JRG entered into a Purchase Agreement with a franchisee to acquire all rights, title, and interests in its restaurant. The total purchase price was $620 in cash. The acquisition was accounted for under the acquisition method. The purchase price allocation resulted in $642 of property and equipment additions, an intangible asset, reacquired franchise rights of $60, inventory of $4 and a bargain purchase gain of $86. JRG assumed the in place lease which was deemed to be at market value and is accounted for as an operating lease. The Company allocated the purchase price of acquired properties to tangible and identified intangible assets based on their respective fair values. The allocation to tangible was determined using cost and market approaches, and the allocation to reacquired franchise rights was based on the excess earnings method.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of JRG and three wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Period

JRG's fiscal year ends on the Sunday closest to December 31 in any given year.

Liquidity

In June 2016, the Company replaced its third party senior debt that required monthly cash interest payments of approximately $300 and quarterly principal payments of $431 with a related party note with payment in kind interest. The principal and interest of the related party note matures in June 2021. In addition, the Company also carries other related party debt, for which the principal and interest matures in fiscal year 2018. None of the related party debt has financial covenants. These circumstances provide improvement to liquidity for the Company until 2018.

Management believes planned positive cash flows from operations are sufficient to support future requirements. However, if actual results are significantly different from plan, other sources of liquidity may be needed, including but not limited to obtaining additional funding, capital purchase reductions, expense reductions, and equity contributions.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and the underlying assumptions affect the amount of assets and liabilities reported, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates in the Preparation of Financial Statements (continued)

reporting period. Such estimates used in preparing these consolidated financial statements include revenue recognition, accounting policies, reserves, recoverability of accounts receivable, valuation of goodwill, intangible and other long-lived assets, valuation of stock-based compensation, and assumptions used in the income tax valuation allowances and tax contingency reserves. Management believes that such estimates have been based on reasonable and supportable assumptions and the resulting estimates are reasonable. Actual amounts could differ from these estimates and they may be adjusted as more information becomes available.

Revenue Recognition

The Company recognizes revenue from Company owned restaurants food and beverage sales as services are rendered and payment is received at the point of sale. Taxes collected from customers and remitted to government authorities are presented on a net basis and excluded from revenue.

In connection with its franchising activities, the Company receives country fees, franchise fees, area development fees, and continuing royalties. The Company recognizes country fees, franchise fees and area development fees revenue when it has completed performance of substantially all obligations specified in the related underlying agreements. For domestic franchisees, completion of substantially all obligations occurs upon the opening of each restaurant specified in the underlying agreement. Obligations include site selection, construction support, and marketing support. Payments received from franchisees prior to the completion of these obligations are reflected as deferred franchise fees in the accompanying consolidated balance sheets. For international franchisees, the Company completes substantially all obligations prior to and upon entering into an area development agreement. However each agreement is reviewed to ensure proper revenue recognition. Royalties are generally contractually earned at amounts equal to approximately 5% of franchised restaurant net sales and are recognized as such sales occur.

Gift Cards

The Company sells gift cards primarily at restaurant locations and are redeemable at the Company's locations. The gift cards sold have no stated expiration dates and are subject to potential escheatment laws in the various jurisdictions in which the Company operates. Deferred gift card income is recorded in accrued expenses on the consolidated balance sheets. The Company recognizes revenue from gift cards when it is redeemed by the customer.

Preopening Costs

Preopening costs, which consist of payroll, supplies, and other direct expenses incurred in connection with opening new restaurants, are expensed as incurred.

Cash

JRG maintains cash balances at financial institutions, and at times, balances may exceed federally insured limits. JRG has never experienced any losses related to these balances. Short-term liquid investments with original maturities of three months or less at the time of purchase are reported as cash equivalents and are carried at cost.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The carrying amounts of JRG's cash, receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature. The carrying value of JRG's debt obligations approximates fair value due to the length of the maturities, terms and/or due to the interest rates on these obligations not being significantly different from the current market rates available to JRG.

Franchise Fees Receivables and Allowance for Doubtful Accounts

Receivables from franchisees include royalties and contractual marketing fees associated with the franchise agreements. Franchise fees receivables are stated at cost less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a charge to earnings based on a percentage of the outstanding balance and an assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. There were no write-offs for the years ended January 1, 2017 and January 3, 2016.

Concentrations of Risk

JRG's financial instruments that are exposed to concentrations of credit risk consist primarily of cash in financial institutions. JRG places its cash with high credit quality institutions. At times, such deposits may be in excess of the FDIC insurance limit. JRG has not experienced any losses and does not believe it is exposed to any significant risk on cash. In addition, JRG is subject to credit risk through franchise receivables; however, JRG periodically evaluates the financial strength of its franchisees and believes its allowance for doubtful accounts and management of accounts are adequate to cover its credit risk exposure.

At January 1, 2017, one customer accounted for more than 10% of accounts receivable. At January 3, 2016 no customers accounted for more than 10% of accounts receivable. No individual customer accounted for more than 10% of consolidated revenue from continuing operations for the years and January 1, 2017 and January 3, 2016.

JRG currently relies on a single supplier to distribute food, packaging, and supplies to restaurants. Although they could use alternative distributors, a change in distributor could cause a delay in receipt of food, packaging, or supplies and possibly result in lost sales, which could adversely impact the results of operations.

Inventories

Inventories, consisting principally of food and beverages, are stated at the lower of cost (first in, first out method) or market value. Inventories are reviewed for spoilage and excess or obsolete products and reserved accordingly.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-lived Assets

Long-lived assets, such as property and equipment, and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances that require a long-lived asset or asset group to be tested for possible impairment, JRG first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third party independent appraisals, as considered necessary.

Whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable, JRG will test the restaurant for impairment. JRG evaluates restaurants by reviewing historical cash flows and also reviews estimates of future cash flows, assumptions of future same-store sales and projected operating expenses. Based on the best information available, it writes down the assets of an impaired restaurant to its estimated fair market value, which becomes its new cost basis. Estimated fair market value is based on its experience selling similar properties and local market conditions, less cost to sell, for properties to be disposed of. In addition, restaurants scheduled for closing are reviewed for impairment and depreciable lives are adjusted. The impairment evaluation is based on the estimated cash flows from continuing use through the expected disposal date, and the expected terminal value.

The Company recorded impairment expense of $44 and $155 for the years ended January 1, 2017 and January 3, 2016, respectively.

Provision for Store Closures

Store closure costs include costs of disposing of the assets as well as other facility-related expenses and are expensed as incurred. Additionally, at the date of the closure, JRG records a liability for the amount of any remaining operating lease obligations subsequent to the expected closure date, net of estimated sublease income, if any.

Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, closure costs and sublease income. Accordingly, actual results could vary significantly from estimates.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease terms. For leases with renewal periods at JRG's option, JRG generally uses the original lease term, excluding the option periods, to determine estimated useful lives. If failure to exercise a renewal option imposes an economic penalty on JRG, such that management determines at the inception of the lease that renewal is reasonably assured, JRG includes the renewal option period in the determination of appropriate estimated useful lives.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment-Continued

The estimated useful service lives are as follows:

Furniture, fixtures, and equipment	5 to 7 years
Computer	1 to 3 years
Leasehold improvements	Estimated useful life limited by the lease term

Major renewals and improvements that extend the useful life of an asset are capitalized. Replacements and maintenance and repairs which do not extend the lives of the assets are expensed as incurred. Depreciation expense was $1,126 and $1,232 for the years ended January 1, 2017 and January 3, 2016, respectively.

Smallwares, including plates, glassware, and silverware, are capitalized and included in property and equipment when a restaurant is initially opened. Smallwares are not depreciated and subsequent replacements of smallwares are expensed when purchased. Periodically, JRG evaluates the reasonableness of the smallwares balances to determine that their carrying value approximates replacement cost.

Goodwill and Intangible Assets

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. JRG has goodwill with an indefinite life, which is all attributable to the franchise reporting unit. Trade names, domestic franchise agreements, international franchise agreements and reacquired franchise rights are finite-lived intangible assets that are being amortized over estimated lives of 20, 15, 20 and 8 years, respectively. The Company performs its annual impairment testing on the anniversary date of the acquisition and annually thereafter, or more frequently if events and circumstances indicate that the asset might be impaired. The goodwill impairment test employed by the Company includes quantitative and qualitative assessments. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis and a market multiple approach. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. The Company performed a step one analysis for the 2016 annual goodwill impairment test because of changes in general business conditions and revised business forecasts. The results of the analysis determined that the fair value of the franchise reporting unit was less than its carrying value. Then based on the step two discounted cash flows analysis the Company recorded $16,417 impairment for the year ended January 1, 2017.

No impairment loss was recorded for the year ended January 3, 2016.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Financing Charges

In April 2015, the FASB issued ASU 2015-03, "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" as amended by ASU 2015-15, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. This standard became effective for the Company on January 1, 2016. The Company has reclassified $530 of net deferred financing charges from other assets to long-term debt in the consolidated balance sheets as of January 3, 2016.

Amounts capitalized related to financing costs are required to be amortized over the lives of the respective borrowings using an effective interest method. However, the straight line method can be applied if the differences resulting from its application when compared to the effective interest rate method are not material. The company has used the straight line method and computed amounts are amortized as a component of interest expense in the consolidated statements of operations for the year ended January 3, 2016. The remaining financing costs were expensed for the year ended January 1, 2017 due to the third party financing being paid in full.

Reclassifications

We have reclassified certain amounts in the January 3, 2016 statements to conform to our current year presentation.

Other Current Assets

Other current assets consisted of the following:

	January 1, 2017	January 3, 2016
Prepaid rent	$ 498	$ 30
Prepaid insurance	313	155
Other prepaid expenses	243	237
Total	$ 1,054	$ 422

Other Assets

Other assets consisted of the following:

	January 1, 2017	January 3, 2016
Long-term franchise receivable	$ 833	$ -
Certificate of deposit - restricted	72	-
Security deposits and other	80	147
Total	$ 985	$ 147

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrued Expenses

Accrued expenses consisted of the following:

	January 1, 2017	January 3, 2016
Accrued salaries and benefits	$ 1,587	$ 798
Gift cards outstanding	460	432
Accrued taxes	350	336
Legal provisions	417	30
Other	1,829	1,091
Total	$ 4,643	$ 2,687

Accrued Disposition Reserves

JRG records a liability, net of estimated sublease income, for the remaining minimum lease payments associated with closed stores on the cease-use date. The liability is included in the accrued disposition reserves. As of January 1, 2017 the reserve includes $160 for a settlement with one landlord related to legal action regarding a lack of performance clause in the lease.

The following is a summary of activity of accrued disposition reserves:

Disposition reserves at January 3, 2016	$ 180
Provisions for store closures, net	205
Payments	(183)
Disposition reserves at January 1, 2017	202
Current portion	(182)
Long-term portion	$ 20

Income Taxes

JRG account for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes-Continued

JRG records deferred tax assets to the extent it believes there will be sufficient future taxable income to utilize those assets prior to their expiration. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. To the extent deferred tax assets may be unable to be utilized, JRG records a valuation allowance against the potentially unrealizable amount and records a charge against earnings. The calculation of JRG tax liabilities involves dealing with uncertainties in the application of complex tax regulations in several different tax jurisdictions. JRG is periodically reviewed by tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions. In evaluating the exposure associated with various filing positions, JRG records estimated reserves for probable exposures.

Due to ever-changing tax laws and income tax rates, significant judgment is required to estimate the effective tax rate that will apply to tax differences that are expected to reverse in the future. JRG must also make estimates about the sufficiency of taxable income in future periods to offset any deductions related to deferred tax assets currently recorded. These estimates could have a significant impact on the consolidated financial statements.

JRG recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. JRG has $12 and $25 accrued for interest or penalties as of January 1, 2017 and January 3, 2016, respectively.

Advertising

JRG has its Company-operated and franchised restaurants share in the cost of various advertising and marketing programs. Advertising and marketing contributions are generally determined based on a percentage of revenues and contributed ratably throughout the year.

To the extent contributions exceed advertising and promotional expenditures, the unspent contributions are recorded as a liability and included in other accrued liabilities in the accompanying consolidated balance sheets. The cost for local advertising for Company-operated restaurants is expensed as incurred. Advertising costs of $892 and $785 are included in the consolidated statements of operations for the years ended January 1, 2017 and January 3, 2016, respectively.

Leases and Deferred Straight-line Rent Payable

JRG leases all of its restaurant properties. Leases are evaluated and classified as operating or capital leases for financial reporting purposes. The lease term used for lease evaluation includes option periods only in instances in which the exercise of the option period can be reasonably assured and failure to exercise such options would result in an economic penalty. Leasehold improvements that are acquired subsequent to the inception of a lease are amortized over the lesser of the useful life of the asset or a term that includes option periods that are reasonably assured at the date of the purchase.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases and Deferred Straight-line Rent Payable-Continued

For leases that contain rent escalations, JRG records the total rent payable during the lease term on a straight-line basis over the term of the lease and records the difference between the rents paid and the straight-line rent as deferred rent payable.

Certain leases contain provisions that require additional rental payments based upon restaurant sales volume ("Contingent Rent"). Contingent Rent is accrued each period as the liabilities are incurred utilizing prorated periodic sales targets.

Favorable Lease Asset and Unfavorable Lease Liability

The favorable lease asset relates to two leases as of January 1, 2017 and is being amortized over the remaining term of the underlying leases. On the consolidated balance sheets, the favorable lease asset is recorded in intangible assets, net.

The unfavorable lease liability relates to five leases as of January 1, 2017 and is being amortized over the remaining term of the underlying leases. On the consolidated balance sheets, the unfavorable lease liability is recorded in other long-term liabilities.

The following table shows the estimated amortization expense for the years after January 1, 2017:

	2017	2018
Favorable lease asset	$ 10	$ 10
Unfavorable lease liability	(55)	(1)
Net amortization expense	$ (45)	$ 9

Commitments and Contingencies

Liabilities for loss contingencies which arise from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can reasonably be estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE 3 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncement

In February 2016, the FASB released ASU 2016-02, *Leases*, completing its project to overhaul lease accounting. The ASU codifies ASC 842, *Leases*, which will replace the guidance in ASC 840. The new guidance is effective for the Company in 2020. Early adoption is permitted for all entities. Under the revised guidance, lessees will be required to recognize most leases "on balance sheet." The new guidance retains a dual lease accounting model for purposes of income statement recognition, continuing the distinction between what are currently known as "capital" and "operating" leases for lessees. Lessors will focus on whether control of the underlying asset has transferred to the lessee to assess lease classification. A new definition of a "lease" could cause some contracts formerly accounted for under ASC 840 to fall outside the scope of ASC 842, and vice versa. JRG is still reviewing the guidance to determine the impact on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles—Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this Update. 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 Company expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date, in response to stakeholders' requests to defer the effective date of the guidance in Update 2014-09. The amendments in this Update defer the effective date of Update 2014-09 for all entities by one year. The amendments in this Update are effective for the Company's annual reporting periods beginning after December 15, 2018. Early application is not permitted, although a nonpublic entity may elect to apply this guidance earlier, based on certain criteria. In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which does not change the core principle of the Topic 605, but instead clarifies the implementation guidance on principal versus agent considerations. JRG is still reviewing the guidance to determine the impact on the consolidated financial statements.

NOTE 4 - INTANGIBLE ASSETS, NET

Intangible assets, net and their respective amortization years as of January 1, 2017 were:

	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Domestic franchise agreements (15 years)	$ 2,710	$ (643)	$ 2,067
International franchise agreements (20 years)	2,070	(368)	1,702
Trade names and trademarks (20 years)	55,730	(9,913)	45,817
Favorable leasehold assets (over each lease life)	79	(59)	20
Reacquired franchise rights (8 years)	60	(2)	58
	$ 60,649	$ (10,985)	$ 49,664
Unamortizable intangible assets:			
Goodwill	$ 16,677		

Intangible assets and their respective amortization years as of January 3, 2016 were:

	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Domestic franchise agreements (15 years)	$ 2,710	$ (462)	$ 2,248
International franchise agreements (20 years)	2,070	(265)	1,805
Trade names and trademarks (20 years)	55,730	(7,127)	48,603
Favorable leasehold assets (over each lease life)	79	(49)	30
Reacquired Franchise rights (8 years)	-	-	-
	$ 60,589	$ (7,903)	$ 52,686
Unamortizable intangible assets:			
Goodwill	$ 33,094		

JRG amortization expense included in depreciation and amortization on the consolidated statements of operations was $2,983 and $2,962, net of $100 and $119 of amortization of unfavorable lease liability, for the years ended January 1, 2017 and January 3, 2016, respectively.

NOTE 4 - INTANGIBLE ASSETS, NET-Continued

Future amortization expense related to these intangible assets as of January 1, 2017 is:

	Intangible Assets	Lease Asset	Total
Fiscal years ending:			
2017	$ 3,078	$ 10	$ 3,088
2018	3,078	10	3,088
2019	3,078	-	3,078
2020	3,078	-	3,078
2021	3,078	-	3,078
Thereafter	34,254	-	34,254
	$ 49,644	$ 20	$ 49,664

NOTE 5 - DEBT

As of January 1, 2017 the Company had three related-party, payment in kind ("PIK") secured promissory note agreements, one with FIC Holdings, LLC (formerly with Friendly's Ice Cream, LLC) and a second with Sun Ice Cream Finance, LP. The third note with Sundae Group Holdings I, LLC was issued on June 20, 2016 in conjunction with the settlement of the term debt with Cerberus Business Finance ("Senior Debt").

The first PIK note with Friendly's Ice Cream, LLC was assumed by FIC Holdings, LLC on June 20, 2016 when Friendly's Ice Cream, LLC merged with FIC Holdings, LLC. The principal balance of $14,000 and was issued on June 6, 2013, with a maturity date of June 6, 2018, as part of the Acquisition. Interest on the note is payment in kind and interest compounds annually by adding the accrued and unpaid interest to the principal amount of the note, and accruing interest on the increased principal amount thereafter. Payment of the note and the associated accrued interest are due upon maturity of the note. Prepayments can be made at any time. Interest accrues on the principal amount of the note at a rate equal to 1.73% per annum. A total of $256 and $257 of additional PIK interest was added to the principal amount for the years ended January 1, 2017 and January 3, 2016, respectively.

The second PIK note with Sun Ice Cream Finance, LP has a principal balance of $12,600 and was issued on June 6, 2013, with a maturity date of April 24, 2018, as part of the Acquisition. Interest on the note is payment in kind. Payment of the note and the associated accrued interest are due upon maturity of the note. Prepayments can be made at any time. Interest will accrue on the unpaid principal amount at a rate equal to LIBOR plus 4.75% per annum and compound quarterly. On the last business day of each quarter, the accrued interest is added to the principal amount of the PIK note. A total of $959 and $917 of additional PIK interest was added to the principal amount for the years ended January 1, 2017 and January 3, 2016, respectively.

NOTE 5 – DEBT-Continued

On June 20, 2016 Neapolitan Group Holdings, LLC issued a new PIK note to Johnny Rockets Holding Co., JR Group Holdings, LLC and JRG as obligor with a maturity date of June 20, 2021. The note with a principal balance of $41,045 was issued in exchange for the complete $40,255 principal and interest due on the Cerberus Credit Facility and $790 in accrued Consulting fees due to Sun Capital Partners Management V, LLC. The Cerberus debt was paid in full by Neapolitan from the proceeds collected from the sale of other affiliated subsidiaries. Following the issuance of the note Neapolitan assigned the note to Sundae Group Holdings I, LLC the new parent of Johnny Rockets Holding Co. Interest will accrue on the unpaid principal amount at a rate equal to 9.75% per annum and compound quarterly. On the last business day of each quarter, the accrued interest is added to the principal amount of the PIK note. A total of $2,208 of PIK interest was added to the principal amount for the year ended January 1, 2017.

On June 6, 2013, a financing agreement dated April 24, 2012 between Cerberus Business Finance ("Cerberus") and the Parent was amended and restated as part of the Acquisition (the "Credit Facility"). The Credit Facility included the former Parent as the guarantor and included JRG along with all of its subsidiaries as the borrowers (the "Borrowers"). The Credit Facility provided for an additional term loan of $59,000 along with the original $19,000 principal balance remaining on the original term loan. The Credit Facility also included a $10,000 line of credit available to either the Parent or JRG, which amount was fully available as of January 3, 2016. The maturity date of April 24, 2017 remained the same as the original facility. The balance of the total Cerberus Credit Facility's term loan was $76,787 at January 3, 2016, of which $40,395 was the balance allocated to JRG, which is included in the consolidated balance sheets. This Credit Facility was paid in full on June 20, 2016 and the balance allocated to the JRG consolidated balance sheets was replaced by the related party note described above.

The interest rate for the Credit Facility term loan was at the option of the Borrowers and was either the reference rate as defined in the Facility plus 6.75%, or the LIBOR as defined in the Credit Facility plus 7.75%. An amendment in April 2014 established an additional revolver margin interest rate of 0.5% and a PIK interest rate of 0.5% on the term loans. The Credit Facility was also secured by all the assets of the Ultimate Parent. The Credit Facility contained various covenants, including certain financial ratios, based on the Parent's consolidated financial information.

JRG has also sign a note payable with the landlord of its new corporate office space for $87. The funds were used to pay the costs associated with moving to the new office location. The note has an 8% interest rate is payable in 96 equal monthly payments with the final payment due April 1, 2024. The balance at January 1, 2017 was $82.

NOTE 5 – DEBT-Continued

Debt consisted of the following:

	January 1, 2017	January 3, 2016
Payment in kind note (related party)	$ 73,755	$ 28,290
Accrued interest on payment in kind note	177	1,173
Total related party debt	73,932	29,463
Third party loan	82	-
Portion of Cerberus term loan, allocated to JRG	-	40,395
Total debt	74,014	69,858
Less: current portion	(9)	(1,722)
Less: deferred financing charges	-	(530)
Long-term debt	$ 74,005	$ 67,606

Annual maturities of total debt as of January 1, 2017 are as follows:

Year	Amount
2017	$ 9
2018	30,687
2019	10
2020	11
2021	43,266
Thereafter	31
	$ 74,014

NOTE 6 - LEASES

JRG leases its restaurant facilities, office space, and certain equipment under non-cancelable operating leases expiring at various dates through 2029. Certain leases provide for monthly rent expense equal to a fixed payment plus a variable amount calculated using net sales over a breaking point. Certain leases are subject to annual adjustments for inflation and contain renewal options. Rent expense is recorded on a straight line basis over the term of the lease. JRG's rent expense for the years ended January 1, 2017 and January 3, 2016 was approximately $4,819 and $5,320, respectively, (including contingent rental amounts of approximately $245 and $183 for the years ended January 1, 2017 and January 3, 2016, respectively and early lease termination amounts for two locations of approximately $151 in fiscal 2016 and for one location of approximately $221 in fiscal 2015).

NOTE 6 – LEASES-Continued

JRG subleases certain facilities in connection with franchising. Sublease rental income is recorded on a straight line basis over the term of the sublease. JRG's sublease rent income for the year ended January 1, 2017 and January 3, 2016 was approximately $966 and $1,353, respectively, and is recorded in initial franchise fees and rental income in the consolidated statements of operations.

Future minimum lease payments under non-cancelable operating leases at January 1, 2017 are as follows:

Year	Lease obligation	Sub-lease income	Net obligation
2017	$ 4,214	$ (507)	$ 3,707
2018	3,125	(266)	2,859
2019	2,986	(101)	2,885
2020	2,932	-	2,932
2021	2,785	-	2,785
Thereafter	11,587	-	11,587
	$ 27,629	$ (874)	$ 26,755

NOTE 7 - INCOME TAXES

Significant components of the provision (benefit) for income taxes for the years ended January 1, 2017 and January 3, 2016 are as follows:

	January 1, 2017	January 3, 2016
Current provision:		
Federal	$ 69	$ -
State	(1)	12
Foreign	601	989
Total current	669	1,001
Deferred benefit:		
Federal	(1,608)	(1,928)
State	(332)	(333)
Total deferred	(1,940)	(2,261)
Income tax benefit	$ (1,271)	$ (1,260)

The effective tax rate differs from the statutory rate due principally to nondeductible items, Federal Insurance Contributions Act tax credit, foreign tax withholding and state income taxes.

NOTE 7 - INCOME TAXES-Continued

Deferred tax assets and liabilities are determined as the difference between the consolidated financial statement and tax basis of the assets and liabilities multiplied by the enacted tax rates in effect for the year in which the differences are expected to reverse. Significant deferred tax assets (liabilities) at January 1, 2017 and January 3, 2016 were:

	January 1, 2017	January 3, 2016
Deferred tax assets:		
Operating loss carryfowards	$ 3,627	$ 4,908
Tax credit carryforwards	7,677	6,858
Property and equipment	1,148	1,674
Accrued expenses	1,594	958
Other	1,575	1,016
Total deferred tax assets	15,621	15,414
Deferred tax liabilities:		
Intangible assets	(19,475)	(20,902)
Total deferred tax liabilities	(19,475)	(20,902)
Net deferred tax liabilities	(3,854)	(5,488)
Valuation allowance	(141)	(447)
Net deferred tax liability	$ (3,995)	$ (5,935)

At January 1, 2017, the Company had cumulative federal and state net operating loss carryforwards totaling $7,184 and $15,900, respectively, which expire at various dates through 2035. In addition, the Company had alternative minimum tax (AMT) credit, foreign tax credit and general business tax credit carryforwards of approximately $7,674. The Company's AMT credits will be carried forward until utilized, and the foreign tax and general business tax credits expire at various dates through 2036.

Due to the "change of ownership" provisions of the Tax Reform Act of 1986, utilization of the Company's net operating loss carryforwards is subject to an annual limitation against taxable income in future periods. As a result of the annual limitation, a portion of these carryforwards may expire before ultimately becoming available to reduce future income tax liabilities.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future income during the periods in which those temporary differences become deductible and because of the future reversals of existing taxable temporary differences (i.e. deferred tax liabilities established for identifiable intangible assets). Based on the level of historical taxable income and reversal of temporary differences over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits from deductible differences, with the exception of a capital loss carryforward of $78 and FICA tip credit carryforward of $63 for which a valuation allowance has been recorded.

NOTE 7 - INCOME TAXES-Continued

JRG accounts for uncertainty in income taxes in accordance with ASC 740, *Income Taxes*. This standard clarifies the accounting for uncertainty in income taxes recognized in financial statements by prescribing a recognition threshold and measurement attribute for financial statement recognition and measurement based upon the technical merits of the position.

As of January 1, 2017 and January 3, 2016, the Company has recorded a liability for unrecognized tax benefits of $29 and $60 respectively, related to various income tax matters. The JRG recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of January 1, 2017 and January 3, 2016 JRG has approximately $12 and $25, respectively, in accrued interest and penalties, which is included as a component of the liability for unrecognized tax benefits noted above. For the year ended January 1, 2017 and January 3, 2016 no material interest and penalties were recognized in the income tax provision. JRG does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

JRG is subject to U.S. federal income tax as well as income tax in multiple state tax jurisdictions. JRG is currently open to audit by the Internal Revenue Service for the years ended April 29, 2013 and later. JRG and its subsidiaries' state income tax returns are open to audit for the years ended May 1, 2012 and later.

NOTE 8 - RETIREMENT BENEFIT PLAN

JRG's 401(k) plan allows eligible employees to receive matching contributions of up to one thousand five hundred dollars per calendar year. In order to be eligible to participate in the 401(k) plan, employees must have completed one year of service with the Company, have worked a thousand hours in a 12-month period and be at least 21 years of age. The Company recorded $44 and $51 in expense associated with the matching contributions under the plan for the years ended January 1, 2017 and January 3, 2016, respectively.

NOTE 9 – SHAREHOLDER'S EQUITY

All of the outstanding stock of JRG is owned by a sole shareholder. As of January 1, 2017, ten thousand shares were authorized, with one thousand shares outstanding.

NOTE 10 – STOCK-BASED COMPENSATION

JRG adopted the Stock Option Plan (the "Plan") in 2014, which is shareholder-approved, that permits the grant of stock options to its key employees up to 90 thousand shares. JRG believes that such awards better align the interests of its employees with those of its shareholder. Option awards are granted with an exercise price determined by the Board Committee at the date of grant; those option awards generally vest based on five years of continuous service and have 10-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Plan.

NOTE 10 – STOCK-BASED COMPENSATION-Continued

The fair value of each option award is estimated on the date of grant using the Black-Scholes model that uses the assumptions noted in the table below. Expected volatilities are based on the historical equity volatilities of JRG's guideline public companies. JRG used the simplified method to determine the expected term given the absence of historical exercise behavior. The risk-free rate for the options is calculated based on an extrapolated yield of the five year and seven year U.S. Treasury Bonds. Due to JRG being privately held, it estimated a Discount for Lack of Marketability ("DLOM") for the options using a put-option model.

	2016
Expected volatility	51.00%
Expected term (in years)	6.18
Risk-free rate	1.52%
Forfeiture rate	50.00%

A summary of option activity under the Plan as of January 1, 2017 and January 3, 2016, and changes during the years then ended is presented below:

Options	Shares	Weighted Average Exercise Price
Outstanding at December 28, 2014	65	$ 30.60
Granted	45	29.11
Exercised	-	-
Forfeited or expired	(88)	30.05
Outstanding at January 3, 2016	22	29.77
Exercisable at January 3, 2016	-	-
Granted	8	24.01
Exercised	-	-
Forfeited or expired	(8)	24.01
Outstanding at January 1, 2017	22	29.77
Exercisable at January 1, 2017	-	-

NOTE 10 – STOCK-BASED COMPENSATION-Continued

As of January 1, 2017 and January 3, 2016, there was $55 and $240, respectively, of total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 3 years. Stock compensation expense is included in general and administrative expenses.

NOTE 11 - RELATED PARTY TRANSACTIONS

JRG has entered into three subordinated secured promissory note agreements payable to related parties (See Note 5).

The Company has a Consulting Services Agreement (the "Consulting Agreement") with Sun Capital Partners Management V, LLC, a Delaware limited liability company (the "Consultant"), an investment fund affiliated with the Parent. This agreement was modified effective June 20, 2016 reducing the required minimum fees going forward from $750 or 5% of EBITDA including a waiver of previously accrued fees to the following. The Consultant is paid annual fees (the "Consulting Fee") equal to the greater of (i) $350 (the "Yearly Minimum Fee") or (ii) the lesser of (x) 4.0% (such percentage, the "Applicable Percentage") of EBITDA as defined in the agreement for the applicable fiscal year and (y) $450 in any fiscal year (the "Annual Cap"). The Company pays the Consulting Fee in quarterly installments in advance equal to the greater of (i) twenty five percent (25%) of the Yearly Minimum Fee or (ii) the Applicable Percentage of EBITDA for the immediately preceding fiscal quarter. Additionally, the Consultant is reimbursed for the cost of all reasonable out-of-pocket fees and expenses incurred by the Consultant and its affiliates in the performance of services covered by the Consulting Agreement and all matters related thereto. The Company reimburses such expenses on a quarterly basis in arrears. Consulting Fees of $232 and $452 and expense reimbursements of $69 and $64 were recorded as general and administrative expenses for the years ended January 1, 2017 and January 3, 2016, respectively.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

JRG is party to various legal proceedings arising in the ordinary course of business which management believes, after consultation with legal counsel, will not have a material adverse effect on JRG's consolidated financial position or future operating results. JRG had a wage and hour action filed against it that was settled in March 2017 for $280. As of January 1, 2017, $300 has been accrued for this matter to cover the payment and legal costs incurred.

NOTE 13 - SUBSEQUENT EVENTS

JRG has evaluated subsequent events through the date of issuance, April 5, 2017, and identified no events requiring adjustment to or disclosure in these consolidated financial statements.

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Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Johnny Rockets Group, Inc. and Subsidiaries

As of and for the years ended January 3, 2016 and December 28, 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
The Johnny Rockets Group, Inc.

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We have audited the accompanying consolidated financial statements of The Johnny Rockets Group, Inc. (a Delaware corporation) and subsidiaries (collectively, the "Company" or "JRG"), which comprise the consolidated balance sheets as of January 3, 2016 and December 28, 2014 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Johnny Rockets Group, Inc. and subsidiaries as of January 3, 2016 and December 28, 2014 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

San Diego, California
April 27, 2016

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(Dollar amounts in thousands)

Assets	As of January 3, 2016	As of December 28, 2014
Current assets:		
Cash	$ 2,124	$ 2,506
Restricted cash	154	166
Franchise fees receivable, net of allowance doubtful accounts of $46 and $30, respectively	1,868	1,608
Inventories	184	218
Other receivables	478	493
Other current assets	422	213
Deferred tax assets	1,670	2,094
Total current assets	6,900	7,298
Property and equipment, at cost:		
Furniture, fixtures and equipment	3,112	2,826
Leasehold improvements	4,068	4,037
Construction in progress	167	2
Total property and equipment, at cost	7,347	6,865
Less accumulated depreciation and amortization	(2,856)	(1,890)
Net property and equipment	4,491	4,975
Other assets:		
Goodwill	33,094	33,094
Intangible assets, net	52,686	55,767
Other assets, net	677	1,017
Total other assets	86,457	89,878
Total assets	$ 97,848	$ 102,151

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets - Continued
(Dollar amounts in thousands)

Liabilities and Shareholder's Equity	As of January 3, 2016	As of December 28, 2014
Current liabilities:		
Accounts payable	$ 1,368	$ 930
Accrued expenses	2,687	2,383
Due to affiliates	2,504	3,634
Accrued disposition reserves, current portion	156	215
Deferred franchise fees, current portion	836	687
Long-term debt, senior, current portion	1,722	1,722
Total current liabilities	9,273	9,571
Accrued disposition reserves, net of current portion	24	3
Deferred franchise fees, net of current portion	2,712	694
Deferred tax liabilities	7,605	10,292
Long-term debt, senior, net of current portion	38,673	40,597
Long-term debt, subordinate (Friendly's PIK)	14,643	14,387
Long-term debt, subordinate (Sun PIK)	14,820	13,903
Other long-term liabilities	430	653
Total liabilities	88,180	90,100
Commitments and contingencies		
Shareholder's equity:		
Common stock, $0.01 par value: 10,000 shares authorized, 1,000 shares issued and outstanding	-	-
Additional paid-in-capital	15,679	15,679
Accumulated deficit	(6,011)	(3,628)
Total shareholder's equity	9,668	12,051
Total liabilities and shareholder's equity	$ 97,848	$ 102,151

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Dollar amounts in thousands)

	For the year ended January 3, 2016	For the year ended December 28, 2014
Revenues:		
Restaurant sales	$ 30,728	$ 30,592
Franchise royalties	16,008	15,374
Initial franchise fees and rental income	2,708	3,732
Total revenues	49,444	49,698
Operating expenses:		
Cost of sales	8,104	8,704
Labor costs	10,166	10,227
Occupancy costs	7,803	9,122
Other restaurant operating costs	3,731	3,825
General and administrative expenses	12,253	10,752
Depreciation and amortization	4,194	4,345
Provision for impairment of long-lived assets	155	1,024
Loss on disposal of assets	511	39
Provision for store closures	206	83
Total operating expenses	47,123	48,121
Income from operations	2,321	1,577
Other expense, net:		
Interest expense, net	5,964	5,879
Total other expense, net	5,964	5,879
Income before income taxes	(3,643)	(4,302)
Income Tax Benefit	(1,260)	(1,665)
Net Loss	$ (2,383)	$ (2,637)

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholder's Equity
(Dollar amounts in thousands, except share data)

For the years ended January 3, 2016 and December 28, 2014

	Number of shares	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance at December 29, 2013	1,000	$ —	$ 15,679	$ (991)	$ 14,688
Net loss	—	—	—	(2,637)	(2,637)
Balance at December 28, 2014	1,000	—	15,679	(3,628)	12,051
Net Loss	—	—	—	(2,383)	(2,383)
Balance at January 3, 2016	1,000	$ —	$ 15,679	$ (6,011)	$ 9,668

See accompanying notes to consolidated financial statements.

THE JOHNNY ROCKETS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Dollar amounts in thousands)

	For the year ended January 3, 2016	For the year ended December 28, 2014
Operating activities:		
Net Loss	$ (2,383)	$ (2,637)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	4,194	4,345
Amortization of capitalized financing costs	379	372
Interest expense on payment in kind notes	1,402	1,223
Provision for bad debt	16	34
Impairment loss for long-lived assets and equity method investment	155	1,024
Loss on disposal of assets	511	39
Provision for store closures	206	83
Deferred taxes, net	(2,263)	(2,191)
Net change in operating assets and liabilities:		
Franchise fees receivable	(276)	15
Restricted cash	12	(57)
Inventories	34	(23)
Other receivables	15	442
Other assets	(258)	85
Accounts payable	438	281
Due to Affiliates	(1,130)	
Accrued expenses and other long-term liabilities	200	316
Accrued disposition reserves	(244)	(414)
Deferred franchise fees	2,167	367
Net cash provided by operating activities	3,175	3,304
Investing activities:		
Purchases of property and equipment	(1,404)	(1,905)
Net cash used in investing activities	(1,404)	(1,905)
Financing activities:		
Principal payments on senior debt	(2,153)	(1,722)
Advances from affiliates	-	1,300
Net cash used in financing activities	(2,153)	(422)
Net (decrease) increase in cash	(382)	977
Cash, beginning of year	2,506	1,529
Cash, end of year	$ 2,124	$ 2,506
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 3,982	$ 4,027
Cash paid for income taxes	$ 10	$ 64

See accompanying notes to consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

The Johnny Rockets Group, Inc., a Delaware corporation, and its subsidiaries (collectively, the "Company" or "JRG") develop, operate, and franchise restaurants under the name "Johnny Rockets, The Original Hamburger." The restaurants are casual-themed, all-American style diners that primarily serve hamburgers, shakes, and American fries. At January 3, 2016, there were 24 Company-owned restaurants and 325 franchised restaurants. Company-owned restaurants are located in California, Florida, Illinois, Indiana, Maryland, Michigan, Nevada, New Jersey, New York, Ohio, Virginia, and Washington, D.C. Franchised restaurants are located throughout the United States and in the Bahamas, Bahrain, Brazil, Canada, Chile, Columbia, Costa Rica, Cyprus, Dominican Republic, Ecuador, Germany, Honduras, India, Indonesia, Kuwait, Malaysia, Mexico, Nigeria, Pakistan, Panama, Philippines, Qatar, Saudi Arabia, South Korea, and the United Arab Emirates.

On June 6, 2013 (the "Acquisition Date"), Burger Acquisition Co. entered into a Membership Interest Purchase Agreement (the "Agreement"), whereby Burger Acquisition Co., a Delaware corporation and wholly owned subsidiary of Neapolitan Group, LLC (the "Parent"), agreed to purchase all of the outstanding membership interests of JR Group Holdings, LLC ("JRGHL"), a Delaware limited liability company, becoming the single member of JRGHL and its subsidiaries. Neapolitan Group, LLC is also a Delaware limited liability company and a wholly owned subsidiary of Sundae Group Holdings I, LLC, a Delaware limited liability company (the "Ultimate Parent").

The following is a summary of JRG's Company-operated and franchised units:

Company Units:	January 3, 2016	December 28, 2014
Beginning of the period	28	30
Openings	1	1
Acquired from (by) franchisees	(1)	-
Closings	(4)	(3)
End of period	24	28
Franchised Units:		
Beginning of the period	310	283
Openings	37	53
Acquired from (by) franchisees	1	-
Closings	(23)	(26)
End of period	325	310

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of JRG and three wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. JRG accounts for any investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

Fiscal Period

JRG's fiscal year ends on the Sunday closest to December 31 in any given year.

Liquidity

Neapolitan Group, LLC, the Parent, had third party debt outstanding under the Credit Facility ("Credit Facility") of $76,787 of which $3,000 is payable within one year. The Company, along with other subsidiaries of the Parent, is jointly and severally liable for this Facility.

As of January 3, 2016, the Parent was in compliance with the Facility's covenants. Further, based on the Parent's planned results, management anticipates they will comply with their bank covenants through the fiscal year 2016. However, if actual results are significantly different from plan, other sources of liquidity may be considered, including but not limited to: drawing on the line of credit or obtaining additional funding, capital purchase reductions, expense reductions, and equity contributions.

Management believes that the combination of operating results and available financing is sufficient to support the Parent's commitments and expects to be in compliance with all financial covenants and other terms of the amended Credit Facility for the foreseeable future.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The critical accounting policies and most significant estimates and assumptions relate to revenue recognition, reserves, recoverability of accounts receivable, asset impairment analyses, income tax valuation allowances and tax contingency reserves. Actual amounts could differ significantly from the estimates.

Revenue Recognition

The Company recognizes revenue on food and beverage sales as services are rendered and payment is received at the point of sale. The Company's accounting policy is to present the taxes collected from customers and remitted to government authorities on a net basis.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition (continued)

In connection with its franchising activities, the Company receives country fees, franchise fees, area development fees, and continuing royalties. The Company recognizes country fees, franchise fees and area development fee revenue when it has completed performance of substantially all obligations specified in the related underlying agreements. For domestic franchisees, completion of substantially all obligations occurs upon the opening of each restaurant specified in the underlying agreement. Obligations include site selection, construction support, and marketing support. Payments received from franchisees prior to the completion of these obligations are reflected as deferred franchise fees in the accompanying consolidated balance sheet. For international franchisees, the Company completes substantially all obligations prior to and upon entering into an area development agreement. However each agreement is reviewed to ensure proper revenue recognition. Royalties are generally contractually earned at amounts equal to approximately 5% of franchised restaurant net sales and are recognized as such sales occur.

Preopening Costs

Preopening costs, which consist of payroll, supplies, and other direct expenses incurred in connection with opening new restaurants, are expensed as incurred.

Cash

JRG maintains cash balances at financial institutions, and at times, balances may exceed federally insured limits. JRG has never experienced any losses related to these balances.

Fair Value of Financial Instruments

The carrying amounts of JRG's cash, receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature. The carrying value of JRG's debt obligations approximates fair value due to the length of the maturities, terms and/or due to the interest rates on these obligations not being significantly different from the current market rates available to JRG.

Franchise Fees Receivables and Allowance for Doubtful Accounts

Franchise fees receivables are stated at cost less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to franchise fee receivable. There were no write-offs for the year ended January 3, 2016. There was $31 in write-offs for the year ended December 28, 2014.

No individual customer accounted for more than 10% of consolidated revenues for the years ended January 3, 2016 and December 28, 2014.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentrations of Risk

JRG's financial instruments that are exposed to concentrations of credit risk consist primarily of cash in financial institutions. JRG places its cash with high credit quality institutions. At times, such deposits may be in excess of the FDIC insurance limit. JRG has not experienced any losses and does not believe it is exposed to any significant risk on cash. In addition, JRG is subject to credit risk through trade receivables; however, JRG periodically evaluates the financial strength of its franchisees and believes its allowance for doubtful accounts and management of accounts are adequate to cover its credit risk exposure.

JRG currently relies on a single supplier to distribute food, packaging, and supplies to restaurants. Although they could use alternative distributors, a change in distributor could cause a delay in receipt of food, packaging, or supplies and possibly result in lost sales, which could adversely impact the results of operations.

Inventories

Inventories, consisting principally of food and beverages, are stated at the lower of cost (first in, first out method) or market value.

Long-lived Assets

Long-lived assets, such as property and equipment, and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances that require a long-lived asset or asset group be tested for possible impairment, JRG first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third party independent appraisals, as considered necessary.

Whenever events or changes in circumstances indicate that the carrying amount of a restaurant may not be recoverable, JRG will test the restaurant for impairment. JRG evaluates restaurants by reviewing historical cash flows and also reviews estimates of future cash flows, assumptions of future same-store sales and projected operating expenses. Based on the best information available, it writes down the assets of an impaired restaurant to its estimated fair market value, which becomes its new cost basis. Estimated fair market value is based on its experience selling similar properties and local market conditions, less cost to sell, for properties to be disposed of. In addition, restaurants scheduled for closing are reviewed for impairment and depreciable lives are adjusted. The impairment evaluation is based on the estimated cash flows from continuing use through the expected disposal date, and the expected terminal value.

The Company recorded impairment expense of $155 and $1,024 for the years ended January 3, 2016 and December 28, 2014, respectively.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Provision for Store Closures

Store closure costs include costs of disposing of the assets as well as other facility-related expenses and are expensed as incurred. Additionally, at the date of the closure, JRG records a liability for the amount of any remaining operating lease obligations subsequent to the expected closure date, net of estimated sublease income, if any.

Considerable management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, closure costs and sublease income. Accordingly, actual results could vary significantly from estimates.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease terms. For leases with renewal periods at JRG's option, JRG generally uses the original lease term, excluding the option periods, to determine estimated useful lives. If failure to exercise a renewal option imposes an economic penalty on JRG, such that management determines at the inception of the lease that renewal is reasonably assured, JRG includes the renewal option period in the determination of appropriate estimated useful lives.

The estimated useful service lives are as follows:

Furniture, fixtures, and equipment	5 to 7 years
Computer	1 to 3 years
Leasehold improvements	Estimated useful life limited by the lease term

Major renewals and improvements are capitalized. Replacements and maintenance and repairs which do not extend the lives of the assets, are charged to operations as incurred. Depreciation expense was $1,232 and $1,469 for the years ended January 3, 2016 and December 28, 2014, respectively.

Smallwares, including plates, glassware, and silverware, are capitalized and included in property and equipment when a restaurant is initially opened. Smallwares are not depreciated and subsequent replacements of smallwares are expensed when purchased. Periodically, JRG evaluates the reasonableness of the smallwares balances to determine that their carrying value approximates replacement cost.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Goodwill and Intangible Assets

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. JRG has goodwill with an indefinite life, and trade names, domestic franchise agreements, and international franchise agreements, which are finite-lived intangible assets that are being amortized over estimated lives of 20, 15 and 20 years, respectively. The Company performs its annual impairment testing on the anniversary date of the acquisition and annually thereafter, or more frequently if events and circumstances indicate that the asset might be impaired. The goodwill impairment test employed by the Company is a step one qualitative and quantitative assessments. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis and a market multiple approach. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. The Company has performed the step one analysis for the year ended January 3, 2016 and determined that impairment does not exist. The Company has one reporting unit based on the aggregation of the Company-operated and franchise components.

No impairment loss was recorded for the years ended January 3, 2016 and December 28, 2014.

Deferred Charges

Amounts capitalized related to financing costs are required to be amortized over the lives of the respective borrowings using an effective interest method. However; the straight line method can be applied if the differences resulting from its application when compared to the effective interest rate method are not material. The company has used the straight line method and computed amounts are included in Other Assets in the consolidated balance sheet with the related interest expense recorded in the consolidated statement of operations.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Assets

Other assets consisted of the following:

	January 3, 2016	December 28, 2014
Capitalized financing costs, net	$ 530	$ 909
Security deposits and other	147	108
Total	$ 677	$ 1,017

Accrued Expenses

Accrued expenses consisted of the following:

	January 3, 2016	December 28, 2014
Accrued salaries and benefits	$ 798	$ 1,519
Gift cards outstanding	432	402
Accrued interest	2	16
Accrued taxes	336	309
Other	1,119	137
Total	$ 2,687	$ 2,383

Accrued Disposition Reserves

JRG records a liability, net of estimated sublease income, for the remaining minimum lease payments associated with closed stores on the cease-use date. The liability is included in the accrued disposition reserves.

The following is a summary of activity of accrued disposition reserves:

Disposition reserves at December 28, 2014	$ 218
Provision for store closures, net	206
Payments	(244)
Disposition reserves at January 3, 2016	180
Current portion	(156)
Long-term portion	$ 24

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

JRG and its subsidiaries account for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

JRG records deferred tax assets to the extent it believes there will be sufficient future taxable income to utilize those assets prior to their expiration. To the extent deferred tax assets may be unable to be utilized, JRG records a valuation allowance against the potentially unrealizable amount and records a charge against earnings. The calculation of JRG tax liabilities involves dealing with uncertainties in the application of complex tax regulations in several different tax jurisdictions. JRG is periodically reviewed by tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions. In evaluating the exposure associated with various filing positions, JRG records estimated reserves for probable exposures.

Due to ever-changing tax laws and income tax rates, significant judgment is required to estimate the effective tax rate that will apply to tax differences that are expected to reverse in the future. JRG must also make estimates about the sufficiency of taxable income in future periods to offset any deductions related to deferred tax assets currently recorded. These estimates could have a significant impact on the consolidated financial statements.

JRG recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. JRG has $25 and $24 accrued for interest or penalties as of January 3, 2016 and December 28, 2014, respectively.

Advertising

JRG has its Company-operated and franchised restaurants share in the cost of various advertising and marketing programs. Advertising and marketing contributions are generally determined based on a percentage of revenues and contributed ratably throughout the year.

To the extent contributions exceed advertising and promotional expenditures, the unspent contributions are recorded as a liability and included in other accrued liabilities in the accompanying consolidated balance sheet. The cost for local advertising for Company-operated restaurants is expensed as incurred. Advertising costs of $785 and $861 are included in the consolidated statement of operations for the years ended January 3, 2016 and December 28, 2014, respectively.

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases and Deferred Straight-line Rent Payable

JRG leases all of its restaurant properties. Leases are evaluated and classified as operating or capital leases for financial reporting purposes. The lease term used for lease evaluation includes option periods only in instances in which the exercise of the option period can be reasonably assured and failure to exercise such options would result in an economic penalty. Leasehold improvements that are acquired subsequent to the inception of a lease are amortized over the lesser of the useful life of the asset or a term that includes option periods that are reasonably assured at the date of the purchase.

For leases that contain rent escalations, JRG records the total rent payable during the lease term, as determined above, on a straight-line basis over the term of the lease and records the difference between the rents paid and the straight-line rent as deferred rent payable.

Certain leases contain provisions that require additional rental payments based upon restaurant sales volume ("Contingent Rent"). Contingent Rent is accrued each period as the liabilities are incurred utilizing prorated periodic sales targets.

Favorable Lease Asset and Unfavorable Lease Liability

The favorable lease asset relates to two leases as of January 3, 2016 and is being amortized over the remaining term of the underlying leases. On the consolidated balance sheet, the favorable lease asset is recorded in intangible assets, net.

The unfavorable lease liability relates to five leases as of January 3, 2016 and is being amortized over the remaining term of the underlying leases. On the consolidated balance sheet, the unfavorable lease liability is recorded in other long-term liabilities.

The following table shows the estimated amortization expense for the years after January 3, 2016:

	2016	2017	2018
Favorable lease asset	$ 10	$ 10	$ 10
Unfavorable lease liability	(103)	(55)	(1)
Net amortization expense	$ (93)	$ (45)	$ 9

NOTE 2 - SUMMARY OF BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Commitments and Contingencies

Liabilities for loss contingencies which arise from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can reasonably be estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

New Accounting Pronouncement

In February 2016, the FASB released ASU 2016-02, *Leases*, completing its project to overhaul lease accounting. The ASU codifies ASC 842, *Leases*, which will replace the guidance in ASC 840. The new guidance is effective for public business entities in fiscal years beginning after December 15, 2018. The effective date for most other entities is deferred for one year, meaning that most calendar-year private companies will be required to adopt the new standard in 2020. Early adoption is permitted for all entities. Under the revised guidance, lessees will be required to recognize most leases "on balance sheet." The new guidance retains a dual lease accounting model for purposes of income statement recognition, continuing the distinction between what are currently known as "capital" and "operating" leases for lessees. Lessors will focus on whether control of the underlying asset has transferred to the lessee to assess lease classification. A new definition of a "lease" could cause some contracts formerly accounted for under ASC 840 to fall outside the scope of ASC 842, and vice versa. JRG has reviewed the guidance and has determined there will be no impact on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Additionally, this Update supersedes some cost guidance included in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles—Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this Update. 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. For a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. For all other entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. A nonpublic entity may elect to apply this guidance earlier, based on certain criteria. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date, in response to stakeholders' requests to defer the effective date of the guidance in Update 2014-09. The amendments in this Update defer the effective date of Update 2014-09 for all entities by one year. In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which does not change the core principle of the Topic 605, but instead clarifies the implementation guidance on principal versus agent considerations. JRG has reviewed the guidance and has determined there will be no impact on the consolidated financial statements.

NOTE 3 - INTANGIBLE ASSETS

Intangible assets and their respective amortization years as of January 3, 2016 were:

	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Domestic franchise agreements (15 years)	$ 2,710	$ (462)	$ 2,248
International franchise agreements (20 years)	2,070	(265)	1,805
Trade names and trademarks (20 years)	55,730	(7,127)	48,603
Favorable leasehold assets (over each lease life)	79	(49)	30
Total amortizable intangible assets	$ 60,589	$ (7,903)	$ 52,686
Unamortizable intangible assets:			
Goodwill	$ 33,094		

Intangible assets and their respective amortization years as of December 28, 2014 were:

	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Domestic franchise agreements (15 years)	$ 2,710	$ (282)	$ 2,428
International franchise agreements (20 years)	2,070	(162)	1,908
Trade names and trademarks (20 years)	55,730	(4,339)	51,391
Favorable leasehold assets (over each lease life)	79	(39)	40
Total amortizable intangible assets	$ 60,589	$ (4,822)	$ 55,767
Unamortizable intangible assets:			
Goodwill	$ 33,094		

JRG amortization expense included in depreciation and amortization on the consolidated statement of operations was $2,962 and $2,876, net of $119 and $220 of amortization of unfavorable lease liability, for the years ended January 3, 2016 and December 28, 2014, respectively.

The JRG goodwill is 100% allocated to the franchise component.

NOTE 3 - INTANGIBLE ASSETS - Continued

Future amortization expense related to these intangible assets as of January 3, 2016 is:

	Intangible Assets	Lease Asset	Total
Fiscal years ending:			
2016	$ 3,071	$ 10	$ 3,081
2017	3,071	10	3,081
2018	3,071	10	3,081
2019	3,071	-	3,071
2020	3,071	-	3,071
Thereafter	37,301	-	37,301
	$ 52,656	$ 30	$ 52,686

NOTE 4 - DEBT

As of January 3, 2016 the Company had two related-party, payment in kind ("PIK") subordinated secured promissory note agreements, one with Friendly's Ice Cream, LLC, and the second with Sun Ice Cream Finance, LP. The Company also had term debt with Cerberus Business Finance ("Senior Debt").

The first PIK note with Friendly's Ice Cream, LLC has a principal balance of $14,000, and was issued on June 6, 2013, with a maturity date of June 6, 2018, as part of the Acquisition. Interest on the note is payment in kind and interest compounds annually by adding the accrued and unpaid interest to the principal amount of the note, and accruing interest on the increased principal amount thereafter. The liens and security interests securing the obligations evidenced by this note are subject to provisions of the Inter-creditor and Subordination Agreement, which are guaranteed by Sun Capital Partners V, L.P. Payment of the note and the associated accrued interest are due upon maturity of the note. Prepayments can be made at any time so long as not prohibited by the Inter-creditor and Subordination Agreement. No interest on the note shall be paid in cash until the repayment in full in cash of the Senior Debt. Interest accrues on the principal amount of the note at a rate equal to 1.73% per annum. As no interest payments can be made on the note prior to payment of the Senior Debt, the note has been classified as long-term. A total of $257 and $247 of accrued PIK interest was included with the principal amount for the years ended January 3, 2016 and December 28, 2014, respectively.

The second PIK note with Sun Ice Cream Finance, LP has a principal balance of $12,600 and was issued on June 6, 2013, with a maturity date of April 24, 2018, as part of the Acquisition. Interest on the note is payment in kind. The liens and security interests securing the obligations evidenced by this note are subject to provisions of the Inter-creditor and Subordination Agreement, which are guaranteed by Sun Capital Partners V, L.P. Payment of the note and the associated accrued interest are due upon maturity of the note. Prepayments can be made at any time so long as not prohibited by the Inter-company and Subordination Agreement. Interest will accrue on the unpaid principal amount at a rate equal to LIBOR plus 4.75% per annum and compound quarterly. On the last business day of each quarter, the accrued interest is added to the principal amount of the PIK note. A total of $917 and $845 of accrued PIK interest was included with the principal amount for the years ended January 3, 2016 and December 28, 2014, respectively.

NOTE 4 – DEBT - Continued

On June 6, 2013, a financing agreement dated April 24, 2012 between Cerberus Business Finance ("Cerberus") and the Parent was amended and restated as part of the Acquisition (the "Credit Facility"). The Credit Facility includes the Parent as the guarantor and includes JRG along with all of its subsidiaries as the borrowers (the "Borrowers"). The Credit Facility provided for an additional term loan of $59,000 along with the original $19,000 principal balance remaining on the original term loan. The Credit Facility also includes a $10,000 line of credit available to either the Parent or JRG, which amount is fully available as of January 3, 2016. The maturity date of April 24, 2017 remained the same as the original facility. The total balance of the Credit Facility's term loan was $76,787 and $73,084, at January 3, 2016 and December 28, 2014, respectively, of which $40,395 and $42,320 is the balance allocated to JRG, which is included in the consolidated balance sheet.

The interest rate for the Credit Facility term loan is at the option of the Borrowers and shall be either the reference rate as defined in the Facility plus 6.5%, or the LIBOR as defined in the Credit Facility plus 7.5%. An amendment in April 2014 established an additional revolver margin interest rate of 0.5% and a PIK interest rate of 0.5% on the term A loans. These rates will be charged until the Parent meets certain covenant targets as defined in the amendment. An amendment in September 2014 increased the rate factor to the Reference and LIBOR rates from 6.5% and 7.5% to 6.75% and 7.75% respectively. Additionally, the September amendment included a temporary suspension of key financial covenants from September through the year ended December 28, 2014. The Parent signed another amendment in June 2015 revising the leverage ratios. In conjunction with this Credit Facility, the Borrowers have signed control agreements with Cerberus, which provides certain cash bank accounts as collateral. If the Borrowers go into default, Cerberus can take control of these accounts. The Company's collateralized balance was $1,968 at January 3, 2016. The Credit Facility is also secured by all the assets of the Ultimate Parent. The Credit Facility contains various covenants, including certain financial ratios, based on the Parent's consolidated financial information. The Borrowers were in compliance with all of the financial covenants at January 3, 2016.

Debt consisted of the following:

	January 3, 2016	December 28, 2014
Payment in kind notes (related parties)	$ 28,290	$ 27,197
Accrued interest on payment in kind notes	1,173	1,093
Total related party debt	29,463	28,290
Portion of Cerberus term loan, allocated to JRG	40,395	42,320
Total debt	69,858	70,610
Less: current portion	(1,722)	(1,722)
Long-term debt	$ 68,136	$ 68,888

NOTE 4 – DEBT - Continued

Annual maturities of term loan, portion allocated to JR and related party debt as of January 3, 2016 are as follows:

Fiscal years ending		Amount
2016	$	1,722
2017		38,672
2018		29,464
	$	69,858

NOTE 5 - LEASES

JRG leases its restaurant facilities, office space, and certain equipment under non-cancelable operating leases expiring at various dates through 2021. Certain leases provide for monthly rent expense equal to a fixed payment plus a variable amount calculated using net sales over a breaking point. Certain leases are subject to annual adjustments for inflation and contain renewal options. Rent expense is recorded on a straight line basis over the term of the lease. JRG's rent expense for the year ended January 3, 2016 and December 28, 2014 was approximately $5,320 and $5,898, respectively, (including contingent rental amounts of approximately $183 and early lease termination amounts for one location of approximately $221 in 2015 and three locations of approximately $328 in 2014). JRG subleases certain facilities in connection with franchising. Sublease rental income is recorded on a straight line basis over the term of the sublease. JRG's sublease rent income for the year ended January 3, 2016 and December 28, 2014 was approximately $1,353 and $2,043, respectively, and is recorded in initial franchise fees and rental income in the consolidated statement of operations.

Future minimum lease payments under non-cancelable operating leases at January 3, 2016 are as follows:

		Lease obligation		Sublease income		Net obligation
Fiscal years ending:						
2016	$	4,049	$	(725)	$	3,324
2017		2,953		(507)		2,446
2018		1,968		(266)		1,702
2019		1,542		(101)		1,441
2020		1,336		-		1,336
Thereafter		3,546		-		3,546
	$	15,394	$	(1,599)	$	13,795

NOTE 6 - INCOME TAXES

Significant components of the provision (benefit) for income taxes for the years ended January 3, 2016 and December 28, 2014 are as follows:

		January 3, 2016		December 28, 2014
Current:				
Federal	$	-	$	-
State		12		(28)
Foreign		989		554
Total current		1,001		526
Deferred:				
Federal		(1,928)		(2,134)
State		(333)		(57)
Total deferred		(2,261)		(2,191)
Income tax benefit	$	(1,260)	$	(1,665)

The effective tax rate differs from the statutory rate due principally to nondeductible items, Federal Insurance Contributions Act tax credit, and state income taxes.

Deferred tax assets and liabilities are determined as the difference between the consolidated financial statement and tax basis of the assets and liabilities multiplied by the enacted tax rates in effect for the year in which the differences are expected to reverse. Significant deferred tax assets (liabilities) at January 3, 2016 and December 28, 2014 were:

		January 3, 2016		December 28, 2014
Deferred tax assets:				
Operating loss carryforwards	$	4,908	$	5,109
Tax credit carryforwards		6,858		5,634
Property and equipment		1,674		2,010
Accrued expenses		958		942
Other		1,016		579
Total deferred tax assets		15,414		14,274
Deferred tax liabilities:				
Intangible assets		(20,902)		(22,412)
Total deferred tax liabilities		(20,902)		(22,412)
Net deferred tax liabilities		(5,488)		(8,138)
Valuation allowance		(447)		(60)
Net deferred tax liabilities	$	(5,935)	$	(8,198)

NOTE 6 - INCOME TAXES - Continued

At January 3, 2016, the Company had cumulative federal and state net operating loss carryforwards totaling $10,628 and $16,955, respectively, which expire at various dates through 2032. In addition, the Company had alternative minimum tax (AMT) credit, foreign tax credit and general business tax credit carryforwards of approximately $6,858. The Company's AMT credits will be carried forward until utilized, and the foreign tax and general business tax credits expire at various dates through 2035.

Due to the "change of ownership" provisions of the Tax Reform Act of 1986, utilization of the Company's net operating loss carryforwards is subject to an annual limitation against taxable income in future periods. As a result of the annual limitation, a portion of these carryforwards may expire before ultimately becoming available to reduce future income tax liabilities.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future income during the periods in which those temporary differences become deductible and because of the future reversals of existing taxable temporary differences (i.e. deferred tax liabilities established for identifiable intangible assets). Based on the level of historical taxable income and reversal of temporary differences over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits from deductible differences, with the exception of a capital loss carryforward of $79 and FICA tip credit carryforward of $369 for which a valuation allowance has been recorded.

JRG accounts for uncertainty in income taxes in accordance with ASC 740, Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in financial statements by prescribing a recognition threshold and measurement attribute for financial statement recognition and measurement based upon the technical merits of the position.

As of January 3, 2016 and December 28, 2014, the Company has recorded a liability for unrecognized tax benefits of $60 and $57 respectively, related to various income tax matters. The JRG recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of January 3, 2016 and December 28, 2014 JRG has approximately $25 and$24, respectively, in accrued interest and penalties, which is included as a component of the liability for unrecognized tax benefits noted above. For the year ended January 3, 2016 and December 28, 2014 no material interest and penalties were recognized in the income tax provision. JRG does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

JRG is subject to U.S. federal income tax as well as income tax in multiple state tax jurisdictions. JRG is currently open to audit by the Internal Revenue Service for the years ended April 29, 2012 and later. JRG and its subsidiaries' state income tax returns are open to audit for the years ended May 1, 2011 and later.

NOTE 7 - RETIREMENT BENEFIT PLAN

JRG's 401(k) plan allows eligible employees to receive matching contributions of up to one thousand five hundred dollars per calendar year. In order to be eligible to participate in the 401(k) plan, employees must have completed one year of service with the Company, have worked a thousand hours in a 12-month period and be at least 21 years of age. The Company recorded $51 and $45 in expense associated with the matching contributions under the plan for the years ended January 3, 2016 and December 28, 2014, respectively.

NOTE 8 - SHAREHOLDER'S EQUITY

All of the outstanding stock of JRG is owned by a sole member. As of January 3, 2016, ten thousand shares were authorized, with one thousand shares outstanding.

NOTE 9 - RELATED PARTY TRANSACTIONS

JRG has entered into two subordinated secured promissory note agreements payable to related parties (See Note 7).

The Company has a Consulting Services Agreement (the "Consulting Agreement") with Sun Capital Partners Management V, LLC, a Delaware limited liability company (the "Consultant"), an investment fund affiliated with the Parent. The Consultant is paid annual fees (the "Management Fee") equal to the greater of (i) $750 (the "Yearly Minimum Fee") or (ii) the lesser of (x) 5% (such percentage, the "Applicable Percentage") of EBITDA as defined in the agreement for the applicable fiscal year and (y) $1,500 in any fiscal year (the "Annual Cap"). The Company shall not be required to pay a fee for any fiscal year in excess of $500 (the "Cash Cap") if EBITDA for such fiscal year is less than $15,000 (the "Threshold EBITDA"), but the amount by which the Yearly Minimum Fee exceeds the Cash Cap shall be payable if and when EBITDA for a later fiscal year exceeds the Threshold EBITDA. The Company pays the Management Fee in quarterly installments in advance equal to the greater of (i) twenty five percent (25%) of the Yearly Minimum Fee or (ii) the Applicable Percentage of EBITDA for the immediately preceding fiscal quarter. Additionally, the Consultant is reimbursed for the cost of all reasonable out-of-pocket fees and expenses incurred by the Consultant and its affiliates in the performance of services covered by the Consulting Agreement and all matters related thereto. The Company reimburses such expenses on a quarterly basis in arrears. Management Fees of $452 and $528 and expense reimbursements of $64 and $47 were recorded as general and administrative expenses for the years ended January 3, 2016 and December 28, 2014, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

JRG is party to various legal proceedings arising in the ordinary course of business which management believes, after consultation with legal counsel, will not have a material adverse effect on JRG's consolidated financial position or future operating results.

NOTE 11 - SUBSEQUENT EVENTS

JRG has evaluated subsequent events through the date of issuance, April 27, 2016, and identified no events requiring adjustment to or disclosure in these consolidated financial statements.

GUARANTEE OF PERFORMANCE

For value received, The Johnny Rockets Group, Inc. ("Guarantor") located at 2 South Pointe Dr., Suite 200, Lake Forest, CA 92630, absolutely and unconditionally guarantees the performance of its subsidiary, Johnny Rockets Licensing, LLC, located at 2 South Pointe Dr., Suite 200, Lake Forest, CA 92630 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2017 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and its successors and assigns.

The Guarantor signs this guarantee at Lake Forest, CA on the 20th day of April, 2017.

Guarantor:

THE JOHNNY ROCKETS GROUP, INC.

By: Alan S. Hinson

Name: Alan S. Hinson

Title: Executive Director, Legal Services and Assistant Secretary

EXHIBIT I

ADDITIONAL INFORMATION REQUIRED BY CERTAIN STATES

ADDENDA REQUIRED BY

CALIFORNIA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR 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.

Item 3, Additional Disclosure. The following statement is added to Item 3:

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

Item 5, Additional Disclosure. The following statement is added to Item 5:

The Payment of all initial fees is postponed until after Franchisor's initial obligations are complete and the franchise is open for business.

Item 10, Additional Disclosure. The following statement is added to Item 10:

You must sign a general release of claims if you are an existing franchisee and obtain financing from us or our affiliate. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Item 17, Additional Disclosures. The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of the franchise. If the Area Development Agreement or Restaurant Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Restaurant Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

The Area Development Agreement and Restaurant Franchise Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The Restaurant Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release of claims if you renew or transfer your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Restaurant Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur where the principal offices of JRL are located, which currently is Orange County, California, with costs being borne by the non-prevailing party. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business & Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act).

The Restaurant Franchise Agreement contains a waiver of punitive damages and jury trial provision.

The highest rate of interest allowed by California law is 10%.

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

RIDER TO

FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

This Addendum to the Johnny Rockets Licensing, LLC Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Franchisee's payment of all initial fees, including the Initial Franchise Fee, is postponed until after all of Franchisor's initial obligations are complete and the franchise is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN CALIFORNIA

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. Franchisee's payment of all initial fees, including the Area Development Fee, is postponed until after all of Franchisor's initial obligations are complete and the franchise is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

HAWAII

DISCLOSURES REQUIRED BY HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following is added as an additional Hawaii Risk Factor on the State Cover Page:

> AS A RESULT OF THE CURRENT FINANCIAL STATEMENTS FOR THE JOHNNY ROCKETS GROUP, INC. (OUR PARENT COMPANY) REFLECTING A NEGATIVE NET WORTH, THE STATE REQUIRES THE FRANCHISOR TO DEFER ALL FEES PAID TO THE FRANCHISOR OR RELATED PARTIES UNTIL ALL THE PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN COMPLETED AND THE FRANCHISEE IS OPEN FOR BUSINESS.

The following is added as an additional disclosure in regards to **both** Item 5 and Item 7 of the Franchise Disclosure Document:

> Receipt of initial fees shall be deferred, including all fees paid to the franchisor or related parties, until the franchisor has completed all of their pre-opening obligations **and** the franchisee is open for business. The deferred receipt of initial fees shall also include any Initial Franchise Fee associated with "Multi-Unit Development Fees" and/or "Area Development Fees". As each franchise is opened for business, the franchisor may collect the Initial Franchise Fee for that facility opened. The franchisor shall not collect the Initial Franchise Fee for any franchise in Hawaii that has not opened for business.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, P.O. Box 40, Honolulu, Hawaii 96813.

RIDER TO

FRANCHISE AGREEMENT
FOR USE IN HAWAII

This Addendum to the Johnny Rockets Licensing, LLC Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

4. Franchisee's payment of all initial fees, including the Initial Franchise Fee, is postponed until after all of Franchisor's initial obligations are complete and the franchise is open for business.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN HAWAII

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

4. Franchisee's payment of all initial fees, including the Area Development Fee, is postponed until after all of Franchisor's initial obligations are complete and the franchise is open for business.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

6. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

ILLINOIS

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS

Initial Fees. The following statements are added to Item 5:

Pursuant to Section 200.508 of the Illinois Administrative Rules promulgated under Section 15 of the Illinois Franchise Disclosure Act, payment of the Initial Franchise Fee and all other fees owed to Franchisor or its affiliates, by the Franchisee, are deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement or other agreements have been fulfilled by Franchisor and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Notice of Termination. The following statements are added to Item 17:

> With respect to franchises governed by Illinois law, JRL will comply with Illinois law which requires that you be given ten days' notice to cure monetary defaults under the Area Development Agreement and Restaurant Franchise Agreement.

Choice of Forum. The following statement is added to Item 17:

> Pursuant to the Illinois Franchise Disclosure Act, any provision requiring franchisees to consent to the jurisdiction of courts outside of Illinois is void, provided that the Area Development Agreement and/or Restaurant Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Choice of Law. The following statement is added to Item 17:

> Pursuant to the Illinois Franchise Disclosure Act requires that Illinois law governs your Area Development Agreement and Restaurant Franchise Agreement.

Notice Regarding Waivers. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) part or all of the Development Area is located in the State of Illinois.

2. Section 1.B. and 1.C. are deleted.

3. The first sentence of Section 12.B.(1) is deleted and replaced with the following:

   Except for those items listed in preceding Section 12.A, Franchisee shall have thirty (30) days (ten (10) days for monetary defaults) after receipt of written notice of default from Franchisor in which to remedy the default and provide evidence of that remedy to Franchisor.

4. The following sentence is added to the end of Section 13.B:

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Area Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Area Development Agreement may provide for arbitration in a forum outside of Illinois.

5. The last sentence of Section 15.I is deleted and replaced by the following:

   Notwithstanding the foregoing, **Illinois law** shall govern the Area Development Agreement.

6. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

7. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

8. Pursuant to Section 200.508 of the Illinois Administrative Rules promulgated under Section 15 of the Illinois Franchise Disclosure Act, payment of the Initial Franchise

Fee and all other fees owed to Franchisor or its affiliates, by the Franchisee, are deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement or other agreements have been fulfilled by Franchisor and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

10. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Illinois.

2. Sections 1.B and 1.C are deleted.

3. The first sentence of Section 18.B.(1) is deleted and replaced with the following:

   Except for those items listed in preceding Section 18.A, Franchisee shall have thirty (30) days (ten (10) days for monetary defaults) after receipt of written notice of default from Franchisor in which to remedy the default and provide evidence of that remedy to Franchisor.

4. Section 18.B.(2) is deleted.

5. The following sentence is added to the end of Section 19.B:

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

6. The last sentence of Section 21.I is deleted and replaced by the following:

   Notwithstanding the foregoing, **Illinois law** shall govern the Franchise Agreement.

7. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

8. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

9. Pursuant to Section 200.508 of the Illinois Administrative Rules promulgated under Section 15 of the Illinois Franchise Disclosure Act, payment of the Initial Franchise Fee and all other fees owed to Franchisor or its affiliates, by the Franchisee, are deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement or other agreements have been fulfilled by Franchisor and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Printed Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKET'S LICENSING, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Printed Name: _____

Title: _____

FRANCHISEE:

_____

Printed Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC MOBILE KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Mobile Kitchen Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Illinois.

2. Illinois law governs the agreement between the parties to this franchise.

3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

4. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

6. Pursuant to Section 200.508 of the Illinois Administrative Rules promulgated under Section 15 of the Illinois Franchise Disclosure Act, payment of the Initial Franchise Fee and all other fees owed to Franchisor or its affiliates, by the Franchisee, are deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement or other agreements have been fulfilled by Franchisor and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Printed Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKET'S LICENSING, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Printed Name: _____

Title: _____

FRANCHISEE:

_____

Printed Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

MARYLAND

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

Item 1, Additional Disclosures. The following statements are added to Item 1:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 5, Additional Disclosures. The following statements are added to Item 5:

Payment of the Initial Franchise Fee and all other fees paid to us by you, including payments for goods and services received from us before the business opens, are deferred until such time as all material pre-opening obligations owed to you under the Restaurant Franchise Agreement Franchise Agreement or other documents have been fulfilled by us.

Item 10, Additional Disclosures. The following statements are added to Item 10:

The general release required as a condition of obtaining financing from us or our affiliate shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Area Development Agreement and Restaurant Franchise Agreement may provide for arbitration in a forum outside of Maryland.

The Restaurant Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) part or all of the Development Area is located in the State of Maryland.

2. The following sentence is added to the end of Section 1:

   Representations in the Area Development Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 5:

   Payment of the Area Development Fee is deferred until such time as all material initial obligations owed to you under the Area Development Agreement or other documents have been fulfilled by us.

4. The following sentence is added to the end of Sections 6.B.(3)(a) (in connection with the execution of additional franchise agreements), and 9.B (in connection with a transfer):

   The general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following is added to the end of Section 13.B:

   Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Area Development Agreement may provide for arbitration in a forum outside of Maryland.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

FRANCHISOR:

ATTEST:

By: _____

Print Name: _____

Title: _____

JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 1:

   Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Sections 3.D.(6) (Renewal), and 14.B.(2)(c) (Transfer):

   The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 4:

   Payment of the Initial Franchise Fee and all other fees paid to us by you, including payments for goods and services received from us before the business opens, are deferred until such time as all material pre-opening obligations owed to you under the Franchise Agreement or other documents have been fulfilled by us.

5. The following sentence is added to the end of Section 19.B:

   Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

MINNESOTA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA

Item 13, Additional Disclosure. The following statement is added to Item 13:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses airings out of any claim, suit or demand regarding the use of the name to the extent required by Minnesota Statute § 80C.12, subdivision 1(g).

Item 11, Additional Disclosure. The following statement is added to Item 11:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

Notice of Termination. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, JRL will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Area Development Agreement and the Franchise Agreement.

Choice of Forum and Law. The following statement is added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document, the Area Development Agreement, or the Restaurant Franchise Agreement can abrogate or reduce any rights provided in Minnesota Statutes, Chapter 80C, or the rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Liquidated Damages. The following statement is added to Item 17:

Under Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J, certain liquidated damages clauses are unenforceable.

General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the state of Minnesota; and/or (c) part or all of the Development Area is located in the State of Minnesota.

2. **The following sentence is added to the end of Sections 6.B.(3)(a) and 9.B:**

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

3. **The following sentence is added to the end of Section 12:**

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute §§ 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) of the Area Development Agreement.

4. **Section 13.A is deleted and replaced with the following:**

   Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (a) the development of Johnny Rockets Restaurants by Franchisee; (b) the obligations of Franchisee upon termination or expiration of this Agreement; (c) a Transfer of this Agreement; (d) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees; and (e) enforcement of the provisions of Section 10.E.

5. **The following sentences are added to the end of Sections 13.B and 15.I:**

   Minnesota Statute §§ 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Area Development Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

_____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____, between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 3.B and 19.A:

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.

3. The following sentence is added to the end of Sections 3.D.(7) and 15.B.(2)(c):

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

4. The following sentence is added to the end of Section 17.E:

   Minnesota Rule 2860.4400J prohibits Franchisor from requiring Franchisee to consent to liquidated damages.

5. Section 20.A is deleted and replaced with the following:

   Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee's use of the Marks; (2) Franchisee's preparation and distribution of products at its Johnny Rockets Restaurant; (3) the construction and equipping of the Johnny Rockets Restaurant; (4) the obligations of Franchisee upon termination or expiration of this Agreement; (5) a Transfer of this Agreement, any ownership interest therein or in the lease for the Restaurant Site; (6) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees; and (7) enforcement of the provisions of Section 16.E.

6. The following sentences are added to the end of Sections 20 and 22.I:

   Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing

in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

NEW YORK

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.
> REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.
> THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Additional Risk Factor Required By The State of New York:

> THE FRANCHISE GRANTED TO YOU UNDER THE FRANCHISE AGREEMENT IS NONEXCLUSIVE AND THE FRANCHISE AGREEMENT DOES NOT PROHIBIT JOHNNY ROCKETS LICENSING, LLC FROM OPERATING A JOHNNY ROCKETS RESTAURANT OR USING THE JOHNNY ROCKETS SYSTEM AND THE MARKS AT ANY OTHER LOCATION OR FOR ANY OTHER PURPOSE OR FROM LICENSING OTHERS TO DO SO.

Item 3, Additional ~~Disclosure~~Disclosures. The last sentence in Item 3 is deleted and replaced with the following:

> Except as ~~described above, neither we, nor any of our predecessors, nor any~~provided above, with regard to the Franchisor, its predecessor, a person identified in Item 2~~ above, nor any~~, or an affiliate offering franchises under ~~our~~the franchisor's principal trademark~~,~~:
>
> A. No such party has ~~any~~an administrative, criminal~~,~~ or ~~a~~ material civil ~~or arbitration~~ action pending against ~~him~~that person alleging: a felony, a violation of ~~any~~a franchise, antitrust, or securities law~~,~~ fraud, embezzlement, fraudulent conversion, ~~restraint of trade~~misappropriation of

property, unfair or deceptive practices, ~~misappropriation of property,~~ or comparable
civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

~~Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark,~~C. No such party has been convicted of a felony or pleaded nolo contendere to ~~any other~~a felony charge or, ~~during~~within the ~~ten-year~~10 year period immediately preceding the application for registration, has been convicted of ~~a misdemeanor~~ or pleaded nolo contendere to ~~any~~a misdemeanor charge or ~~been found liable in an arbitration proceeding or a civil action by final judgment, or~~has been the subject of ~~any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge,~~a civil
action~~, complaint, or other such proceeding involved a~~ alleging: violation of ~~any~~a franchise ~~law~~, antifraud, or securities law~~,~~; fraud~~,~~; embezzlement~~,~~; fraudulent conversion~~, restraint of trade,~~ or misappropriation of property; or unfair or deceptive practices~~, misappropriation of property,~~ or comparable ~~allegation~~allegations.

~~Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark,~~D. No such party is subject to ~~any~~a currently effective injunctive or restrictive
order or decree relating to ~~franchises~~the franchise, or under ~~any~~a Federal, State, or Canadian franchise, securities, antitrust, trade regulation~~,~~ or trade practice law ~~as a result of~~, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

~~Accordingly, other than the three actions described above, no litigation is required to be disclosed in this Disclosure Document.~~

Item 4, Additional ~~Disclosure~~Disclosures. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, ~~or~~ officers or general partner, during the 10-year period immediately before the date of the Disclosure Document:

(a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures. The following statement is added to Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 10, Additional Disclosures. The following statements are added to Item 10:

You must sign a general release if obtain financing from us or our affiliate. These provisions may not be enforceable under New York law.

Item 17, Additional Disclosures.

(a) The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

(b) The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

(c) The following is added to the end of the "Summary" section of Item 17(j), titled **"Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

(d) The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

(e) The following statements are added to the end of Item 17:

JRL will not assign its rights under the Area Development Agreement and the Restaurant Franchise Agreement except to an assignee who in JRL's good faith and judgment is willing and able to assume JRL's obligations under the Area Development Agreement and the Restaurant Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Area Development Agreement or the Restaurant Franchise Agreement inconsistent with that law.

You must sign a general release if you transfer your franchise. These provisions may not be enforceable under New York law.

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____, between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee"), is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) part or all of the Development Area is located in the State of New York.

2. Any provision in the Area Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.

3. The following sentence is added to the end of Sections 6.B.(3)(a) and 9.B:

Any provision in the Area Development Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680 - 695.

4. The following sentence is added at the end of Section 9.A:

Franchisor will not assign its rights under the Area Development Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Area Development Agreement.

5. The following sentence is added to the end of Section 15.I:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____, between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

3. The following sentence is added to the end of Sections 3.D.(7) and 15.B.(2)(c):

   Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

4. The following sentence is added at the end of Section 15.A:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

5. The following sentence is added to the end of Section 22.I:

   Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

[THE REST OF THIS PAGE IS
INTENTIONALLY LEFT BLANK]

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

NORTH DAKOTA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NORTH DAKOTA

Item 10, Additional Disclosures. The following statements are added to Item 10:

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Johnny Rockets may have incurred under the North Dakota Franchise Investment Law.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties. The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Johnny Rockets may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreements are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Restaurant Franchise Agreement and Area Development Agreement include a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure document, Restaurant Franchise Agreement and Area Development Agreement.

The Restaurant Franchise Agreement and Area Development Agreement stipulate that the franchisee shall pay all costs and expenses incurred by Johnny Rockets in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorney's fees.

The Restaurant Franchise Agreement and Area Development Agreement require the franchisee to consent to a waiver of trial by jury. This provision shall not in any way abrogate or reduce any rights of the franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

Certain liquidated damages provisions and termination penalties are not enforceable under North Dakota law.

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota; (b) Franchisee is a resident of the State of North Dakota; and/or (c) part or all of the Development Area is located in the State of North Dakota.

2. The following sentence is added at the end of Sections 10.A & 10.B:

   Covenants not to compete are generally considered unenforceable in the State of North Dakota.

3. The following sentence is added at the end of Sections 13.B and 15.I:

   Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void, provided that the Area Development Agreement may provide for arbitration in a forum outside of North Dakota.

4. The following sentence is added at the end of Section 13.B.(3)(g):

   This provision shall be deleted and shall be of no force or effect.

5. The following is added at the end of Section 15.H:

   In any legal action or arbitration involving a franchise purchased in the state of North Dakota, the prevailing party is entitled to recover all costs and expenses, including attorney's fees. This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota; (b) Franchisee is a resident of the State of North Dakota; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of North Dakota.

2. The following sentence is added at the end of Section 3.D.(7) and 15.B.(2)(c):

   Notwithstanding the foregoing, any general release the Franchisee is required to assent to shall not apply to any liability Franchisor may have under the North Dakota Franchise Investment Law.

3. The following sentence is added at the end of Sections 17.A and 17.B:

   Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. The following sentence is added at the end of Section 20.B.(3):

   This provision shall be deleted and shall be of no force or effect.

5. The following sentence is added at the end of Sections 20.B and 22.I:

   Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void, provided that the Franchise Agreement may provide for arbitration in a forum outside of North Dakota.

6. The following is added at the end of Section 22.H:

   In any legal action or arbitration involving a franchise purchased in the state of North Dakota, the prevailing party is entitled to recover all costs and expenses, including attorney's fees. This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

RHODE ISLAND

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF RHODE ISLAND

Item 17, Additional Disclosure. The following statement is added to Item 17:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of Rhode Island; (b) Franchisee is a resident of the State of Rhode Island; and/or (c) part or all of the Development Area is located in the State of Rhode Island.

2. The following sentence is added to the end of Sections 13.B and 15.I:

   Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

4. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island; (b) Franchisee is a resident of the State of Rhode Island; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Rhode Island.

2. The following sentence is added to the end of Sections 20 and 22.I:

   Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

VIRGINIA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF VIRGINIA

Item 5, Additional Disclosure. The Virginia State Corporation Commission's Division of Securities and Retain Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17, Additional Disclosure. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Johnny Rockets Licensing, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute 'reasonable cause,' as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

ADDENDA REQUIRED BY

WASHINGTON

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Area Development Agreement ("Area Development Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Franchisee was made in the State of Washington; (b) Franchisee is a resident of the State of Washington; and/or (c) part or all of the Development Area is located in the State of Washington.

2. The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 ("Act"), which may supersede the Area Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede the Area Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

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

4. In the event of a conflict of laws, the provisions of the Act shall prevail.

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

6. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

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

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INTENTIONALLY LEFT BLANK]

9. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

ADDENDUM TO THE JOHNNY ROCKETS LICENSING, LLC RESTAURANT FRANCHISE AGREEMENT REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Johnny Rockets Licensing, LLC Restaurant Franchise Agreement ("Franchise Agreement") dated _____ between Johnny Rockets Licensing, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Washington; (b) Franchisee is a resident of the State of Washington; and/or (c) the Johnny Rockets Restaurant will be located or operated in the State of Washington.

2. The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 ("Act"), which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

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

4. In the event of a conflict of laws, the provisions of the Act shall prevail.

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

6. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

[THE REST OF THIS PAGE IS
INTENTIONALLY LEFT BLANK]

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

FRANCHISOR:
JOHNNY ROCKETS LICENSING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

_____

Print Name: _____

Title: _____

FRANCHISEE:

_____

Print Name: _____

Title: _____

Date: _____

EXHIBIT J

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Johnny Rockets Licensing, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that Johnny Rockets Licensing, LLC give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Johnny Rockets Licensing, LLC give you this Disclosure Document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Johnny Rockets Licensing, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Johnny Rockets Licensing, LLC, located at 2 South Pointe Drive, Suite 200, Lake Forest, California 92630-2299. Its telephone number is (949) 643-6100.

Issuance Date: April 27, 2017, as amended August 4, 2017, as amended October 11, 2017

The name, principal business address and telephone number of each franchise seller offering the franchise:
Gene Savage, 2 South Pointe Drive, Suite 200, Lake Forest, CA 92630, Ph. (530) 391-3688;
~~Crystal Wells, 2 South Pointe Drive, Suite 200, Lake Forest, CA 92630, Ph. (949) 643-6118;~~

Johnny Rockets Licensing, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Disclosure Document dated April 27, 2017, as amended August 4, 2017, as amended October 11, 2017 that included the following Exhibits: A) List of Agents for Service of Process and State Administrators, B-1) Restaurant Franchise Agreement, B-2) Mobile Kitchen Franchise Agreement, C) Area Development Agreement, D) Gift Card Participation Agreement, E) General Release, F) Confidentiality Agreement, G) List of Franchisees, H) Financial Statements (including a Guarantee of Performance), I) State Addenda, and J) Receipts.

Date:_____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone _____ Zip _____

Date:_____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone ( ) _____ Zip _____

Prospective Franchisee's Copy

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Johnny Rockets Licensing, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that Johnny Rockets Licensing, LLC give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Johnny Rockets Licensing, LLC give you this Disclosure Document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Johnny Rockets Licensing, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

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Date:_____ Signed: _____
Print Name: _____
Address: _____
City: _____ State: _____
Phone _____ Zip _____

Date:_____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone ( ) _____ Zip _____

JRL's Copy