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Los Angeles Office

# FRANCHISE DISCLOSURE DOCUMENT

MOD Super Fast Pizza Franchising, LLC
Delaware limited liability company
2035 158th Court NE, Suite 200
Bellevue, WA 98008
888-770-6637
www.modpizza.com

MOD Super Fast Pizza Franchising, LLC grants franchises for the operation of MOD Pizza Restaurants. MOD Pizza Restaurants feature "**made on demand**" artisan pizzas, salads, desserts, beverages, and other menu items in a distinctive atmosphere under the name "**MOD Pizza®.**" MOD Pizza Restaurants also offer a selection of wines and beers to compliment the menu items.

The total investment necessary to begin operation of a franchised MOD Pizza Restaurant is $714,000 to $985,000. This includes an initial franchise fee of $30,000 that must be paid to MOD Super Fast Pizza Franchising, LLC. If you sign an Area Development Agreement, you will pay MOD Super Fast Pizza Franchising, LLC a Development Fee equal to $10,000 times the number of MOD Pizza Restaurants you agree to develop, and you will pay our then-current initial franchise fee for each Restaurant when you sign the Franchise Agreement for that Restaurant.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, MOD Super Fast Pizza Franchising, LLC or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 John Dikos at MOD Super Fast Pizza Franchising, LLC, 2035 158th Court NE, Suite 200, Bellevue, WA 98008, telephone number: (888) 770-6637.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "**A Consumer's Guide to Buying a Franchise,**" which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "**FTC**"). 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. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: **April 19, 2018**

## 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 franchises 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 the State Agency Exhibit (**Exhibit F**) for information about MOD Super Fast Pizza Franchising, LLC 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 REQUIRES YOU TO RESOLVE DISPUTES WITH MOD SUPER FAST PIZZA FRANCHISING, LLC BY MEDIATION OR LITIGATION ONLY IN WASHINGTON. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT OF DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH MOD PIZZA IN WASHINGTON THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See next page for state effective dates

## 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:

| | | |
|---|---|---|
| California: | Effective date: | Pending |
| Florida: | Effective date: | September 30, 2017 |
| Hawaii: | Effective date: | _____ |
| Illinois: | Effective date: | Pending |
| Indiana: | Effective date: | Pending |
| Kentucky* | Effective date: | September 30, 2013 |
| Maryland: | Effective date: | _____ |
| Michigan: | Effective date: | Pending |
| Minnesota: | Effective date: | Pending |
| Nebraska* | Effective date: | September 27, 2013 |
| New York: | Effective date: | Pending |
| North Dakota: | Effective date: | Pending |
| Rhode Island: | Effective date: | Pending |
| South Dakota: | Effective date: | Pending |
| Texas* | Effective date: | September 27, 2013 |
| Utah: | Effective date: | Pending |
| Virginia: | Effective date: | Pending |
| Washington: | Effective date: | Pending |
| Wisconsin: | Effective date: | Pending |

In all other states, the effective date of this Franchise Disclosure Document is **April 19, 2018**.

* Denotes one-time filing

## MOD SUPER FAST PIZZA FRANCHISING, LLC
## NOTICE REQUIRED BY THE STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

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

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

(C) A provision that permits the Franchisor to terminate the franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the Franchisee to comply with any lawful provisions 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 the Franchisor to refuse to renew the 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 section applies only if:

(1) The term of the franchise is less than five years; and

(2) The Franchisee is prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo-type, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise, or the Franchisee does not receive at least six months advance notice of the Franchisor's intent not to renew the franchise.

(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 the State of Michigan. This section will not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the State of Michigan.

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

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

(2) The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.

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

(4) 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 section does not prohibit a provision that grants to the 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 section 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 Section 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 MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE MICHIGAN ATTORNEY GENERAL. ANY QUESTIONS REGARDING THE NOTICE SHOULD BE DIRECTED TO THE MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, FRANCHISE UNIT, 670 LAW BUILDING, LANSING, MI 48913 (517) 373-7117.**

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**EXHIBITS**

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| EXHIBIT A: | LIST OF FRANCHISED AND COMPANY-OWNED RESTAURANTS |
| EXHIBIT B: | FINANCIAL STATEMENTS |
| EXHIBIT C: | FRANCHISE AGREEMENT |
| EXHIBIT D: | AREA DEVELOPMENT AGREEMENT |
| EXHIBIT E | SAMPLE RELEASE |
| EXHIBIT F: | STATE AGENCY/AGENTS FOR SERVICE OF PROCESS |
| EXHIBIT G: | FRANCHISEE QUESTIONNAIRE |
| EXHIBIT H: | STATE-SPECIFIC ADDENDUM |
| EXHIBIT I: | FRANCHISE SUPPORT GUIDE TABLE OF CONTENTS |
| EXHIBIT J: | PROSPECTIVE FRANCHISEE NONDISCLOSURE AND NONCOMPETITION AGREEMENT |
| EXHIBIT K: | RECEIPT |

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

### Franchisor

MOD Super Fast Pizza Franchising, LLC is the Franchisor, and is referred to in this Disclosure Document as "**MOD Pizza.**" The restaurant franchise offered and sold by MOD Pizza is referred to in this Disclosure Document as the "**Restaurant.**" "**You**" means the person or entity who buys the franchise from MOD Pizza. If the franchise is purchased by a corporation, limited liability company, partnership or other entity, then "**you**" may also mean the shareholders, members, partners or other owners of that entity.

The MOD Pizza Restaurant concept was founded in February 2008. MOD Pizza is a Delaware limited liability company formed to franchise MOD Pizza Restaurants. It was formed on July 25, 2013, and does business under its entity name. MOD Pizza's principal business address is 2035 158th Court NE, Suite 200, Bellevue, WA 98008. MOD Pizza does not conduct any other business, does not operate MOD Pizza Restaurants, and does not offer franchises for any other line of business, other than the franchises being offered in this Disclosure Document.

The agents for service of process on MOD Pizza are listed in the State Agency Exhibit attached to this Disclosure Document (**Exhibit F**).

### Predecessors and Affiliates of MOD Pizza

MOD Pizza has no predecessors. Our parent, MOD Super Fast Pizza Intermediate Holdings II, LLC ("**Holdings**"), is a Delaware limited liability company and was formed on March 13, 2017. Holdings' principal business address is 2035 158th Court NE, Suite 200, Bellevue, WA 98008. Holdings does not operate any Restaurants nor does it offer franchises in this or any other line of business. Previously our parent was MOD Super Fast Pizza Holdings, LLC, a Delaware limited liability company that was formed on July 25, 2013, which is currently the ultimate parent of both MOD Pizza and Holdings. Its principal business address is 2035 158th Court NE, Suite 200, Bellevue, WA 98008, and it does not operate any Restaurants nor does it offer franchises in this or any other line of business.

We also have four affiliates that operate MOD Pizza Restaurants. MOD Super Fast Pizza, LLC ("**MOD SFP**"), is a Delaware limited liability company formed on February 20, 2008. MOD SFP's principal business address is 2035 158th Court NE, Suite 200, Bellevue, WA 98008. Beginning in November 2008 through the issuance date of this disclosure document MOD SFP opened and operated the first of its restaurants similar to the type of restaurant that you will be operating. As of the end of our 2017 fiscal year, MOD SFP owned and operated 176 MOD Pizza Restaurants in Arizona, Delaware, Idaho, Illinois, Indiana, Maryland, Missouri, Montana, New Jersey, Oregon, Pennsylvania, Texas, Utah, Virginia, and Washington.

MOD Super Fast Pizza (California), LLC ("**MOD CA**"), is a Delaware limited liability company formed on May 9, 2013. Beginning in November 2013 through the issuance date of this Disclosure Document, MOD CA opened and operated the first of its restaurants similar to the type of restaurant that you will be operating. MOD CA's principal business address is 2035 158th Court

NE, Suite 200, Bellevue, WA 98008. As of the end of our 2017 fiscal year, MOD CA owned and operated 42 MOD Pizza Restaurants in the State of California.

MOD Super Fast Pizza (Wisconsin), LLC ("**MOD WI**"), is a Wisconsin limited liability company formed on April 25, 2016. Beginning in June 2016, through the issuance date of this Disclosure Document, MOD WI opened and operated the first of its restaurants similar to the type of restaurant that you will be operating. MOD WI's principal business address is 2035 158th Court NE, Suite 200, Bellevue, WA 98008. As of the end of our 2017 fiscal year, MOD WI owned and operated seven MOD Pizza Restaurants in the State of Wisconsin.

MOD Pizza UK Limited ("**MOD UK**") is a private limited company formed in July 2015 in England and Wales. It was originally formed under the name Wentworth Court Development Limited. MOD UK was principally formed as a joint venture with an entity in England and Wales for the purpose of opening and operating restaurants similar to the type of restaurant that you will be operating. As of the end of our 2016 fiscal year, MOD UK owned and operated five MOD Pizza Restaurants in England. MOD UK's principal business address is 146 Freston Road, London, W10 6TR.

None of the affiliates of MOD Pizza has ever offered franchises for MOD Pizza Restaurants or for franchises in any other line of business. Except as disclosed in this Disclosure Document, MOD Pizza and its affiliates do not provide any products or services to the franchisees of MOD Pizza.

**Franchised Business**

MOD Pizza grants franchises and entitles our franchisees to use our Marks and proprietary system ("**System**") in the operation of MOD Pizza Restaurants. MOD Pizza Restaurants feature made on demand artisan pizzas, salads, desserts, beverages, and other menu items in a distinctive atmosphere under the name "**MOD Pizza®**." MOD Pizza Restaurants also offer a selection of wines and beers to compliment the menu items.

The restaurant business is highly competitive for pricing, service, restaurant location, and food quality, and is subject to changes in consumer taste, economic conditions, population and travel patterns. You will compete with locally-owned restaurants, including restaurants that offer pizza, pasta and similar menu items, as well as with national and regional restaurant chains. MOD Pizza Restaurants also compete for experienced management personnel and kitchen staff, and commercial real estate and lease sites suitable for restaurants.

**Regulations Specific to the Restaurant Industry**

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants. All MOD Pizza Restaurants must comply with federal, state and local laws applicable to the operation and licensing of restaurant businesses, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and beer and wine service operations. Your MOD Pizza Restaurant must also meet applicable municipal, county, state and federal building codes and handicap access codes. You should

consider the cost and time required to comply with these laws and regulations when evaluating your purchase of a MOD Pizza Restaurant franchise.

You must secure a license to sell beer and wine at your Restaurant. The difficulty and cost of obtaining a beer and wine license, and the steps for securing the license, vary greatly from area to area. If your actual out-of-pocket costs of obtaining a liquor license for your Restaurant exceed $25,000, we may waive this requirement at our sole discretion. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

**Area Development Agreement**

If you meet the qualifications established by MOD Pizza, and subject to MOD Pizza's consent which can be withheld in its discretion, you may enter into an Area Development Agreement for the development of multiple MOD Pizza Restaurants in a designated geographic area called a "**Territory**." Under the Area Development Agreement, you must develop in your Territory an agreed upon number of MOD Pizza Restaurants within a specified period of time. You must sign a separate Franchise Agreement, in the then-current form used by MOD Pizza, for each MOD Pizza Restaurant you develop under an Area Development Agreement.

## ITEM. 2
## BUSINESS EXPERIENCE

**Scott Svenson – Co-Founder, Chief Executive Officer and Manager**

Mr. Svenson co-founded the MOD Pizza concept in February 2008. In October 2012, Mr. Svenson assumed the role of Chief Executive Officer of MOD SFP and has also been CEO and a Manager of MOD Pizza, the franchise entity, since its formation in July 2013.

**Ally Svenson – Co-Founder, Head of Brand and Manager**

Ms. Svenson co-founded the MOD Pizza concept in February 2008 and has been Head of Brand of MOD SFP since its formation. Ms. Svenson is also the Head of Brand and a Manager of MOD Pizza, the franchise entity, since its formation in July 2013.

**Paul Twohig – President and Chief Operating Officer**

Mr. Twohig has been the President and Chief Operating Officer since April 2018. From July 2017 to March 2018, Mr. Twohig was the Chief Operating Officer. Prior to joining MOD Pizza, Mr. Twohig was the President of Duncan Donuts in Canton, Massachusetts, from October 2009 to April 2017. From May 2017 to June 2017, Mr. Twohig was retired.

**John Dikos – Senior Vice President of Franchising**

Mr. Dikos has been Senior Vice President of Franchising since January 2018. Prior to that, Mr. Dikos was Vice President of Franchising from September 2013 to December 2017. Prior to joining MOD Pizza, he was Director of Franchise Development at Qdoba Mexican Grill, Denver, Colorado, from October 2010 to September 2013.

**Steve O'Neill – Vice President of Operations Services**

Mr. O'Neill has been Vice President of Operations Services since August 2015. Mr. O'Neill was the Director of Operations Services of MOD Pizza and MOD SFP from November 2013 to August 2015. Prior to joining MOD Pizza and MOD SFP, he was the Business Operations Manager at Outerwall in Seattle, Washington, from January 2013 to October 2013. Mr. O'Neill was Principal of SJO Consulting in Seattle, Washington, from March 2009 to December 2012.

**Greta Pass – Senior Vice President of Store Development**

Ms. Pass has been Senior Vice President of Store Development since May 2016. She was Vice President of Real Estate of MOD Pizza and MOD SFP from January 2014 until April 2016. Prior to joining MOD Pizza and MOD SFP, she was Vice President of Retail Real Estate at JP Morgan Chase in Bellevue, Washington, from July 2010 through December 2013.

**Keith Karas – Vice President of Supply Chain**

Mr. Karas has been Vice President of Supply Chain since August 2015. Prior to joining MOD Pizza, he held multiple positions with Peter Piper, Inc. of Phoenix, Arizona, from October 1987 through May 2015, including Director of Supply Chain (2009 – 2015), Senior Manager of Facilities (2008 – 2009), and Senior Financial Analyst (2000 – 2008).

**Kevin Flaherty - Vice President of Digital Marketing**

Mr. Flaherty has been Vice President of Digital Marketing since January 2017. Prior to that, Mr. Flaherty held the role of Vice President of Marketing from December 2015 to December 2016. Prior to joining MOD Pizza, he was Chief Marketing Officer at Whitepages in Seattle, Washington, from March 2014 to September 2015. From January 2012 through October 2013, Mr. Flaherty was the Vice President of Marketing for Ritani in Seattle, Washington.

**Lisa Luebeck – Senior Vice President of Legal and General Counsel**

Ms. Luebeck has been General Counsel since January 2016 and, since March 2018, has also held the title of Senior Vice President of Legal. Prior to joining MOD Pizza, Ms. Luebeck was Senior Director of Legal Corporate Development and Securities for CTI Biopharma Corp in Seattle, Washington from June 2013 to January 2016. Prior to CTI Biopharma Corp. Ms. Luebeck was a Senior Associate at Dorsey & Whitney, LLP in Seattle, Washington, from October 2006 through May 2013.

**Robert A. Barton - Chief Financial Officer**

Mr. Barton has been Chief Financial Officer since February 2016. Prior to joining MOD Pizza, Mr. Barton was the Chief Financial Officer at Porch.com in Seattle, Washington, from April 2015 to January 2016. He was the Chief Financial Officer for A Place for Mom, Inc. in Seattle, Washington from November 2014 to April 2015. Mr. Barton was the President and Chief Operating Officer (February 2014 – July 2014) and Executive Vice President and Chief Financial Officer (October 2009 – January 2014) of OnlineShoes in Seattle, Washington. From July 2014 to November 2014, Mr. Barton was unemployed.

**Jerry Kesselring - Vice President of Facilities & Construction**

Mr. Kesselring has been Vice President of Facilities & Construction since February 2017. He was the Senior Director of Construction for MOD Pizza and MOD SFP from October 2016 until February 2017. Prior to joining MOD Pizza, Mr. Kesselring was the Director of Construction for The Velmier Companies in Seattle, Washington from April 2015 through September 2016. Prior to that, Mr. Kesselring was a Construction Manager at Safeway in Bellevue, Washington from November 2012 to April 2015. Prior to that, Mr. Kesselring was the Director of Design and Construction for HMS Host International in Seattle, Washington from April 2006 through August 2012.

**Megan Hansen – Senior Vice President of People**

Ms. Hansen has been Senior Vice President of People since April 2018. Prior to that, Ms. Hansen was Vice President of People from November 2016 through March 2018. Prior to joining MOD Pizza, Ms. Hansen was the Vice President of Talent Management at Outerwall, Inc., in Bellevue, Washington, from February 2012 to October 2016.

**Kevin Petrisko - Vice President of Operational Excellence and Store Design**

Mr. Petrisko has been Vice President of Operational Excellence and Store Design since November 2017. Prior to that, Mr. Petrisko was Vice President of Operational Excellence from March 2017 through October 2017. Prior to joining MOD Pizza, Mr. Petrisko was a Vice President of Operations at Starbucks, in Seattle, Washington, from July 1996 to March 2017.

**Jan Prossin - Manager of Partner Development**

Ms. Prossin has been Manager of Partner Development since July 2015. Prior to that, Ms. Prossin was the Franchise Paralegal and Compliance Specialist at MOD Pizza from December 2014 to June 2015. Prior to joining MOD Pizza, Ms. Prossin was the Business Manager and Senior Paralegal at Nielsen Law Office, LLC in Seattle, Washington, from April 1996 to December 2014.

**Mike Kaspar - Director Partner Operations & Training**

Mr. Kaspar has been the Director of Partner Operations and Training since November 2016. He was the Director of Training of MOD Pizza from December 2015 to November 2016 and a Market Manager for MOD Pizza from June 2013 to December 2015. Prior to joining MOD Pizza, Mr. Kaspar was the Director of Food and Beverage for the W Hotel in Los Angeles, California, from November 2011 to May 2013.

**Lisa Stahler – Manager of Training**

Ms. Stahler has been the Manager of Training since November 2016. Ms. Stahler was a Training Manager of MOD Pizza and MOD SFP from March 2015 to November 2016. She was the New Store Specialist at MOD Pizza from March 2014 to March 2015 and was in Special Projects and Operations at MOD Pizza and MOD SFP from March 2013 to March 2014. Prior to that, Ms. Stahler was a shift leader at MOD Pizza and MOD SFP from March 2010 to March 2013.

**Robin Hamm – Vice President of Culinary**

Ms. Hamm has been the Vice President of Culinary since November 2017. Prior to joining MOD Pizza, Ms. Hamm was the Senior Director of Menu Innovation and Commercialization at Red Robin Gourmet Burgers and Brew in Greenwood Village, Colorado. From July 2015 to October 2017, she was the Senior Director of R&D and Quality at Red Robin Gourmet Burgers and Brew from June 2013 to July 2015. From January 2011 to June 2013, Ms. Hamm was the Director of Food Quality and Safety at Red Robin Gourmet Burgers and Brew.

**Robert Notte – Vice President of Technology**

Mr. Notte has been the Vice President of Technology since January 2018. Prior to joining MOD Pizza, Mr. Notte was the Chief Technology Officer at Patxis Pizza in Sausaltio, California from August 2014 to December 2017. From September 2005 to August 2014, Mr. Notte was the Chief Technology Officer at Jamba Juice in Emeryville, California.

**Tracy Cioffi - Chief Marketing Officer**

Ms. Cioffi has been Chief Marketing Officer since July 2017. Prior to joining MOD Pizza, Ms. Cioffi was Senior Vice President of Marketing at Sur La Table in Seattle, Washington from September 2015 through mid-July 2017. From October 2011 to August 2015, Ms. Cioffi was Vice President of See's Candies in Los Angeles, California.

## ITEM. 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM. 4
## BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

## ITEM. 5
## INITIAL FEES

**Initial Franchise Fee**

If you sign a Franchise Agreement for a single MOD Pizza Restaurant, you will pay MOD Pizza an initial franchise fee ("**Initial Franchise Fee**") of $30,000. You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by MOD Pizza upon execution by you of the Franchise Agreement and is not refundable under any circumstances.

During our last fiscal year, which ended December 31, 2017, we collected Initial Franchise Fees of $30,000 each for 40 franchises.

**Development Fee**

We may offer certain prospective franchisees the right to develop multiple Restaurants in a specified development territory ("**Development Territory**"). You secure these rights by signing an area development agreement ("**Area Development Agreement**") with us, and committing to develop a defined number of Restaurants over a specific time period ("**Development Schedule**"). If you sign an Area Development Agreement, you must pay the Initial Franchise Fee for the first Restaurant to be opened under the Area Development Agreement and pay a development fee ("**Development Fee**") equal to $10,000 times the total number of MOD Pizza Restaurants that you agree to develop under the Area Development Agreement, including the first Restaurant. You will pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is fully earned by MOD Pizza upon execution of the Area Development Agreement by you as consideration for the exclusive rights you receive for the Development Territory and is not refundable under any circumstances even if you fail to develop any Restaurants under your Area Development Agreement.

You will sign a separate Franchise Agreement, in the then-current form being offered by MOD Pizza, for each MOD Pizza Restaurant you develop under the Area Development Agreement. At the time you sign each subsequent Franchise Agreement, you will pay us the then-current Initial Franchise Fee for each MOD Pizza Restaurant. None of the Development Fee is credited towards any Initial Franchise Fee. You must sign your first Franchise Agreement at the same time you sign the Area Development Agreement, and you will sign the remaining Franchise

Agreements in accordance with the Development Schedule set out in the Area Development Agreement.

No additional Area Development Agreements were signed during our fiscal year ending December 31, 2017. Therefore, we did not collect any Development Fees during such period.

## ITEM. 6
## OTHER FEES

| Type of Fee | Amount | Date Due | Remarks [1][2] |
|---|---|---|---|
| Continuing Fee | 5% of weekly Revenues. [3] | Wednesday each week for the preceding week. [4] | Payable each week after the Restaurant commences business; the term "**Revenues**" is defined in the Franchise Agreement as the total dollar sales for your Restaurant. Excluded from the definition of Revenues are sales, use or gross receipts taxes, gift card sales or the one-time sale of any FF&E or inventory items. |
| Marketing Fees | 1.5% of weekly Revenues (can be increased up to 3% on 90 days written notice). | Wednesday each week for the preceding week. [4] | Deposited in the advertising and marketing fund (the "**Marketing Fund**") controlled by MOD Pizza. |
| Audit Fees | Amount incurred by MOD Pizza to audit your MOD Pizza Restaurant business, estimated to range from $2,000 to $5,000. | Within 10 days after receipt of an invoice indicating the amount owed to MOD Pizza. | Payable only if an audit shows that you understated your Revenues by more than 2% in any month, quarter or year. |
| Transfer Fee | 30% of the then-current Initial Franchise Fee for a single MOD Pizza Restaurant. | 60% of the Transfer Fee is paid with request for transfer approval and is not refundable; the balance is paid on or before the date of the transfer. | You must obtain MOD Pizza's prior approval for a transfer. |

| Type of Fee | Amount | Date Due | Remarks (1)(2) |
|---|---|---|---|
| Collection Costs | Amount incurred by MOD Pizza to collect unpaid Fees. | On demand. | Includes attorneys' fees and related costs. |
| Administrative Fee | $50. | On demand. | Applies to past due payments payable to MOD Pizza. |
| Interest Charges | The lesser of 18% per annum or the maximum legal rate allowable by applicable law. | On demand. | Applies to past due payments payable to MOD Pizza. |
| Opening Team Fee and Expenses | Up to $500 per person, per day, plus Travel Expenses. | Within 10 days after receipt of an invoice indicating the amount owed to MOD Pizza. | Payable in connection with the opening of your third and any subsequent Restaurant. |
| New Management Staff Training | $500 per day, plus Travel Expenses. | Within 10 days after receipt of an invoice indicating the amount owed to MOD Pizza. | Payable if you hire new Management Staff employees; Travel Expenses are payable if training is provided at your Restaurant. (5) |
| On-site Training or Consulting Fees | $500 per day, plus Travel Expenses. | Within 10 days after receipt of an invoice indicating the amount owed to MOD Pizza. | Payable if MOD Pizza conducts additional training at your Restaurant, you need additional days of opening assistance, or you request that consulting assistance be provided at your Restaurant. |
| Relocation Fee | 30% of the then-current Initial Franchise Fee for a single MOD Pizza Restaurant. (6) | 60% of the Relocation Fee is paid when you request review of a new site; the balance is paid on the date you receive approval from MOD Pizza to relocate the Restaurant to a new Franchised Location. | Payable only if you request and receive approval from MOD Pizza to relocate the Franchised Location. You will sign the then-current Franchise Agreement for a full franchise term as provided in the Franchise Agreement and a general release of claims against us, our parent, subsidiaries, affiliates, and related people. |

| Type of Fee | Amount | Date Due | Remarks [1][2] |
|---|---|---|---|
| Successor Fee | 30% of the then-current Initial Franchise Fee for a single MOD Pizza Restaurant. | When you sign a new Franchise Agreement. | Payable only if, after the expiration of your Franchise Agreement, you meet all requirements, as determined by us, and are approved by us to enter into a successor Franchise Agreement for your MOD Pizza Restaurant. |
| Local Marketing | Minimum of 2% of Revenues (1.5% of aggregate Revenues if you operate more than one MOD Pizza Restaurant). | Payable to suppliers as incurred. | You must spend at least 2% of your Revenues on approved Local Marketing. When there are two or more MOD Pizza Restaurants in your Designated Market Area ("**DMA**"), you may be required to contribute Local Marketing Fees up to 2% of your Revenues to a local marketing group (the "**Local Marketing Association**"). Local Marketing Fees will be applied to your 2% Local Marketing requirement. |
| Review of Unapproved Supplier | You must reimburse MOD Pizza for the expenses it incurs inspecting or evaluating an unapproved supplier, estimated to range from $1,500 to $10,000. | Within 10 days after receipt of an invoice indicating the amount owed to MOD Pizza. | Payable only if you request that MOD Pizza's review and approve a previously unapproved supplier. |

| Type of Fee | Amount | Date Due | Remarks (1)(2) |
|---|---|---|---|
| Registration Fees | Then-current registration fee for the event; MOD Pizza does not currently charge any registration fees, but may in the future charge a fee of up to $500 per person. | When you register for a convention, meeting, seminar, franchisee gathering or other group session. | Your MOD Operator and all other individuals designated by MOD Pizza will attend each group event held by MOD Pizza. MOD Pizza will determine the topics covered, duration, dates and locations of all such events. |
| Indemnification | Will vary under the circumstances. | Upon demand. | You must indemnify MOD Pizza for claims arising out of the operation of your Restaurant. |

Footnotes:

(1) With the exception of the costs associated with Local Marketing, each fee is uniformly imposed by and payable by EFT to MOD Pizza.

(2) All Fees are nonrefundable.

(3) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Restaurants you must develop under the Area Development Agreement, you will pay weekly Continuing Fees at the rate specified in our then-current form of Franchise Agreement. You will pay all other Fees in the amounts specified in each Franchise Agreement that you sign for the Restaurants you develop under the Area Development Agreement. If you open a Restaurant before the Required Opening Date, you will pay Continuing Fees at 50% of the standard rate (2-1/2% of your weekly Revenues) for the period of time from your actual opening date until the Required Opening Date, up to a maximum of 12 weeks.

(4) MOD Pizza reserves the right to collect Continuing Fees and Marketing Fees on a four-week "**Accounting Period**" or other basis upon written notice to you.

(5) "**Travel Expenses**" include all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental and all other related expenses.

(6) You will also pay MOD Pizza a minimum Continuing Fee of $500 per week during the time your Restaurant is closed during the relocation process. If your Restaurant is closed for longer than a week as a result of a casualty or for any other reason, you must pay MOD Pizza a minimum Continuing Fee of $250 per week.

## ITEM. 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount[1] Low - High | | Method of Payment [2] | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Franchise Fee | $30,000 | $30,000 | Lump Sum | When you sign the Franchise Agreement | MOD Pizza |
| Leasehold Improvements [3] | $306,000 | $406,000 | As Arranged | As Incurred | Suppliers |
| Wages, Travel and Living Expenses for You and Your Management Staff During Training [4] | $5,000 | $18,000 | As Incurred | As Incurred During Training | Employees, Airlines, Hotels, and Restaurants |
| Furniture, Fixtures, Supplies, Décor and Equipment [5] | $258,000 | $325,000 | As Arranged | As Incurred | Suppliers or Leasing Companies |
| Architectural, Engineering Fees, and Design Fees | $25,000 | $30,000 | As Arranged | Before Opening | Suppliers and/or MOD Pizza |
| Signage | $28,000 | $51,000 | As Arranged | As Incurred | Suppliers |
| Point-of-Sale and Computer System [6] | $5,000 | $10,000 | As Arranged | As Incurred | Suppliers |
| Beer and Wine License Costs [7] | $2,000 | $15,000 | Lump Sum | Before Opening | Governmental Agencies and for Professional Services |
| Miscellaneous [8] | $15,000 | $40,000 | As Incurred | Before Opening or As Otherwise Arranged | Landlord, Utilities, Government Agencies, Attorneys, Accountants and Other Professionals |
| Grand Opening [9] | $10,000 | $10,000 | As Arranged | Within the first 90 days of operations | Suppliers |
| Additional Funds - 3 Months [these figures have not been offset by operating revenues] [10] | $30,000 | $50,000 | As Incurred | As Incurred | MOD Pizza, Landlord, Suppliers and Utilities |
| Total [11] [12] | $714,000 | $985,000 | | | |

Footnotes:

(1) For the estimated range of costs, MOD Pizza relied on the historical operations of the MOD Pizza Restaurants owned and operated by affiliated entities. You should carefully review these figures with your business advisor before making any decision to purchase a franchised MOD Pizza Restaurant.

(2) Payments are not refundable unless otherwise noted. MOD Pizza does not offer direct or indirect financing.

(3) These estimated costs are to build out an existing building or space to meet the image and décor requirements for MOD Pizza Restaurants. Costs for leasehold improvements will vary greatly, depending upon the location, condition, layout and content of the site, labor and material costs, and landlord provided work (tenant improvement allowance). These leasehold improvement costs assume that the delivery of the space includes the requirements described in MOD Pizza's standard landlord work letter. MOD Pizza Restaurants will typically be located on an end cap or in in-line space within shopping centers, and generally require from 2,600 to 2,900 square feet of floor space. The cost per square foot of leasing commercial property will vary considerably depending upon location and market conditions. This estimate does not provide for the purchase of land or the construction of a building. If you buy unimproved real estate and construct your Restaurant, the total estimated initial investment for your Restaurant will be significantly higher.

(4) You must pay for the Salaries and Benefits, Travel Expenses and other expenses while you and your Management Staff attend the training program.

(5) This includes the cost of kitchen and beverage equipment, registers, booths, bars, small wares, office equipment and supplies. Your furniture, fixtures, décor and equipment may be financed through a bank or other financial institution, leased or purchased outright.

(6) This includes the cost of the computer hardware, peripherals, and software that will serve as your point-of-sale computer system, and the maintenance agreement for that system.

(7) Beer and wine license costs will generally range in the amounts stated. However, in certain states and municipalities the cost may substantially exceed the stated amounts. You should check with the local licensing regulatory agency to determine the cost of your beer and wine license. If your actual out-of-pocket costs of obtaining a liquor license for your Restaurant exceed $25,000, we may, in our sole discretion, not require you to obtain a liquor license.

(8) Miscellaneous fees include such items as security and lease deposits, utility and license deposits, impact fees, commissions, permits, miscellaneous professional fees to acquire or lease the premises of your Franchised Location, and other accounting and legal fees. You should check with the local regulatory agency that issues building permits to determine what impact, connection, or other site

development fees may be required for the specific site for your MOD Pizza Restaurant.

(9) You must spend at least $10,000 on the grand opening of your Restaurant within the first 90 days of operations.

(10) During the first three months of operations, you will need additional funds to cover your expenditures for food and beverage inventories, Fees due under the Franchise Agreement, Local Marketing, utilities, supplies, uniforms, lease payments, insurance, and other miscellaneous operating costs. This estimate has not been offset by any allowance for your operating revenues during this three-month period. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, and other economic factors. For the estimated range of additional funds that you will need during your first three months of operation, MOD Pizza relied on the initial operations of the MOD Pizza Restaurants owned and operated by affiliated entities.

(11) These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your MOD Pizza Restaurant, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.

(12) If you sign an Area Development Agreement, you must also pay MOD Pizza a nonrefundable Development Fee equal to $10,000 times the number of MOD Pizza Restaurants that you agree to develop under the Area Development Agreement. You will pay our then-current Initial Franchise Fee when you sign the Franchise Agreement for that MOD Pizza Restaurant. You must sign your first Franchise Agreement when you sign the Area Development Agreement, and you will sign the remaining Franchise Agreements in accordance with the development schedule set out in the Area Development Agreement.

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Obligation to Purchase Products or Services from MOD Pizza or an Affiliate**

MOD Pizza provides services to franchisees related to the design of the Restaurant for which the franchisees must pay a fee to MOD Pizza. Other than those services, neither MOD Pizza nor any affiliate currently sells any products or services to you. However, MOD Pizza or an affiliate may be a designated or approved supplier in the future for other products or services. No officers of MOD Pizza own any ownership interests in any unaffiliated designated or approved suppliers.

In addition to approved Products or Services, the Franchise Agreement requires you to purchase and maintain in full force and effect insurance policies in such amounts and on such terms as prescribed by us in the Franchise Support Guide. You must also purchase and maintain any other insurance required by any agreement related to the franchise business or by law. You

must furnish us with copies of all insurance policies at least annually, but not less than any time a change occurs with respect to the insurance policy or insurance coverage.

As of the date of this Disclosure Document, we require you to purchase and maintain general liability insurance with coverage of at least $2,000,000 per occurrence; liquor liability insurance with coverage of at least $2,000,000 per occurrence (if your Restaurant sells beer and wine); automobile liability insurance with coverage of at least $2,000,000 per occurrence; business personal property coverage with coverage limits equal to at least actual replacement cost of the furniture, fixtures, and equipment and other property used in the operation of your Restaurant; business interruption insurance for actual loss sustained or, if such insurance is not available, business interruption insurance in an amount equal to at least 90% of your Revenues for a minimum of 12 months, less non-continuing expenses; building insurance (including tenant improvement & betterment) coverage if you or any of your owners owns, either directly or indirectly, the building or the building premises for and against all risk, loss and damages in an amount equal to at least actual replacement cost; data and cyber security insurance; employment practices liability insurance with coverage of at least $1,000,000 per occurrence; umbrella liability insurance in the amount of $5,000,000 that will provide liability insurance coverage for any claim or damages incurred by you in excess of the primary general liability, liquor liability, automobile liability, employment practices liability, and other liability insurance coverage carried by you. Such policies and amounts prescribed by us may be adjusted periodically by us. As of the date of this Disclosure Document, you must also require each supplier and independent contractor to purchase and maintain general liability insurance with coverage of at least $1,000,000 per occurrence and automobile liability insurance with coverage of at least $1,000,000 per occurrence. Such policies and amounts prescribed by us may also be adjusted periodically by us.

**Obligation to Purchase Products and Services under MOD Pizza's Restrictions**

MOD Pizza will provide you with written standards and specifications for the layout of your MOD Pizza Restaurant premises, your equipment and signs, the decor of your Restaurant, and certain food and beverage items. MOD Pizza determines its uniformity and quality standards and specifications, in its sole discretion. MOD Pizza may modify its written standards and specifications, and you must comply with any modifications.

You must purchase certain foods, beverages and products that satisfy the written standards and specifications established by MOD Pizza. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all MOD Pizza Restaurants. You must also purchase such foods, beverages and products required for your MOD Pizza Restaurant only from suppliers approved by MOD Pizza. Certain of these foods and products include or comprise proprietary ingredients ("**Proprietary Ingredients**") necessary to produce food that satisfies our quality and consistency standards. These items include pizza dough, sauces, dressings, and other Foods, Beverage and Products designated by MOD Pizza from time to time. We reserve the absolute right to update or otherwise modify the list of Proprietary Ingredients from time to time upon written notice to you. We will provide a written list of approved suppliers and the foods, beverages and products subject to approved supplier requirements, and will notify you of any additions to or deletions from this list.

If you want to purchase foods, beverages or products subject to MOD Pizza's approved supplier requirements from a supplier who has not been previously approved by MOD Pizza, then you must, at your expense, send to MOD Pizza representative samples or specifications of that supplier's products or services, and certain other information about the supplier's products and business. MOD Pizza will also have the right to inspect the supplier's facilities and otherwise evaluate the proposed supplier and its products or services, and you must reimburse MOD Pizza for the expenses it incurs to inspect and evaluate the supplier. Within 45 days after receiving the necessary samples and information, MOD Pizza will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by MOD Pizza, and whether the supplier's business reputation, delivery performance, credit rating and other relevant information are satisfactory. The criteria for supplier approval are available to franchisees upon request.

There are certain foods, beverages and products that are selected by MOD Pizza for consistency in quality and other considerations. These items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by MOD Pizza in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all MOD Pizza Restaurants, you must purchase these items for your MOD Pizza Restaurant, but you may purchase them from any approved distributor that can supply them. MOD Pizza will provide a written list of these selected foods, beverages and products. MOD Pizza will also notify you of any additions to or deletions from this list.

MOD Pizza estimates that purchases of food, beverages and products that meet MOD Pizza's standards and specifications and purchases from designated or approved suppliers will constitute up to 40% of your initial expenditures to open your MOD Pizza Restaurant, and approximately 30% of the annual ongoing expenditures to operate your Restaurant.

**Consideration Provided to MOD Pizza or You from Suppliers**

MOD Pizza may negotiate purchasing arrangements with suppliers of foods, beverages, products and services for the benefit of its franchise system. MOD Pizza has not established purchasing or distribution cooperatives. MOD Pizza does not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers.

MOD Pizza may receive income in the form of rebates, discounts, allowances or other payments or credits from designated or approved suppliers that sell Proprietary Ingredients to franchisees. In some cases, prices charged by suppliers to company- or affiliate-owned Restaurants may be less than prices charged to franchised Restaurants based on volume, credits, administrative costs or other factors. If MOD Pizza receives any rebates or other payments from a supplier as a result of your purchases of Proprietary Ingredients from the supplier, MOD Pizza will have the right to determine how those payments will be used. We currently receive a payment from our designated distributor of dough balls ranging from $.015 to $.03 per dough ball sold to franchisees and company-operated locations. During the fiscal year ended December 31, 2017, MOD Pizza received $169,860 in consideration from our designated dough ball distributor from the purchase of dough balls by franchisees. This amount equaled approximately 2.8% of our total revenue, which was $6,122,000 in 2017. We may receive consideration from additional suppliers or distributors of Proprietary Ingredients in the future. As of the date of this Franchise Disclosure

Document, MOD Pizza does not have any intention to receive income in the form of rebates, discounts, allowances or other payments or credits from any designated or approved supplier that does not supply Proprietary Ingredients to franchisees.

Except as described above, you are not required to purchase or lease products or services from MOD Pizza or an affiliate, and MOD Pizza will not derive revenue or other material consideration based upon your purchases of products or services from designated or approved suppliers or based upon your purchases of products or services that must meet MOD Pizza's standards and specifications.

## 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 Agreement | Disclosure Document Item |
|---|---|---|---|
| a. | Site selection and acquisition/lease | Article 12 of Franchise Agreement | Item 11 |
| b. | Pre-opening purchases/leases | Articles 10, 12, 13 and 15 of Franchise Agreement | Items 7 and 8 |
| c. | Site development and other pre-opening requirements | Article 12 of Franchise Agreement | Items 7 and 11 |
| d. | Initial and ongoing training | Article 14 of Franchise Agreement | Item 11 |
| e. | Opening | Article 14 of Franchise Agreement | Item 11 |
| f. | Fees | Articles 3, 4, and 6 of Franchise Agreement; Article 4 of Area Development Agreement; Article 4 of Website Use Agreement | Items 5 and 6 |
| g. | Compliance with standards and policies/Operating Manual | Articles 9, 10, 11, 12, 13, and 14 of Franchise Agreement; Article 6 of Area Development Agreement | Items 8, 11 and 14 |
| h. | Trademarks and proprietary information | Articles 11, 13 and 16 of Franchise Agreement; Article 2 of Area Development Agreement | Items 13 and 14 |
| i. | Restrictions on products/services offered | Articles 9.1, 9.8, 9.12 and 10 of Franchise Agreement | Items 8 and 16 |
| j. | Warranty and customer service requirements | Article 10.1 | |

| | Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|---|
| k. | Territorial development and sales quotas | Article 5 of Area Development Agreement | Item 12 |
| l. | Ongoing product/service purchases | Article 10 of Franchise Agreement | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Articles 2, 9.20, 9.21, 12 and 13 of Franchise Agreement | Item 17 |
| n. | Insurance | Article 15 of Franchise Agreement | Items 7 and 8 |
| o. | Advertising | Articles 4, 5, 9.2 and 9.24 of Franchise Agreement; Article 5 of Area Development Agreement | Items 6 and 11 |
| p. | Indemnification | Article 25 of Franchise Agreement; Article 14 of Area Development Agreement | Item 6 |
| q. | Owner's participation/ management/staffing | Articles 8 and 14 of Franchise Agreement; Article 13 of Area Development Agreement | Item 15 |
| r. | Records and reports | Articles 5 and 7 of Franchise Agreement | Item 6 |
| s. | Inspections and audits | Articles 7, 9.14, 10, and 12 of Franchise Agreement | Items 6 and 11 |
| t. | Transfer | Articles 18 and 22 of Franchise Agreement; Articles 7 and 10 of Area Development Agreement | Items 6 and 17 |
| u. | Renewal | Article 2 of Franchise Agreement; Article 3 of Area Development Agreement | Item 17 |
| v. | Post-termination obligations | Article 20 of Franchise Agreement; Article 9 of Area Development Agreement | Item 17 |
| w. | Non-competition covenants | Article 23 of Franchise Agreement; Article 12 of Area Development Agreement | Item 17 |
| x. | Dispute resolution | Articles 27 and 28 of Franchise Agreement; Articles 15 and 16 of Area Development Agreement | Item 17 |

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| y. Personal guaranty | Personal Guaranty to Franchise Agreement; Personal Guaranty to Area Development Agreement | Item 15 |

## ITEM. 10
## FINANCING

MOD Pizza does not offer direct or indirect financing to you. MOD Pizza does not guarantee any note, lease or obligation.

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

**Except as listed below, MOD Pizza is not required to provide you with any assistance.**
**Assistance Before Opening Your MOD Pizza Restaurant:**

1. MOD Pizza does not have any experience or expertise in selecting real estate sites in the geographic area where your Restaurant will be located. MOD Pizza will review the Site Information provided by you for the proposed site for your Restaurant, but you will be responsible for selecting the location for your Restaurant (see Article 12.2 of the Franchise Agreement). The Site Information for your proposed site will include information on the demographics of the market area, traffic patterns, a description of the character of the neighborhood, the competition in the area of the proposed site, the size, appearance and other characteristics of the premises of the proposed site of your Restaurant and other information requested by MOD Pizza. There is no time limit for MOD Pizza to review the Site Information provided by you, but MOD Pizza will generally complete its review of the Site Information within 30 to 45 days after receipt. MOD Pizza has no obligation, duty or liability to you resulting from the site selected by you or the purchase or lease of your Franchised Location. MOD Pizza will review the proposed lease for the site you select for your Restaurant (see Article 26.1 of the Franchise Agreement). This review will be to determine whether the lease complies with the terms of the Franchise Agreement, and not to provide any business, economic, legal or real estate advice or analysis. MOD Pizza can terminate the Franchise Agreement if you fail to provide the Site Information and purchase or lease a site for your Restaurant within 120 days after the date of the Franchise Agreement (see Article 19.1 of the Franchise Agreement).

2. After you sign the Franchise Agreement, MOD Pizza will train your MOD Operator and your Management Staff (see Article 14.1 of the Franchise Agreement).

3. After your MOD Operator and your Management Staff have successfully completed the training program, MOD Pizza will arrange for an Opening Team consisting of one or more trainers to assist you with opening your MOD Pizza Restaurant (see Article 14.6 of the Franchise Agreement). For a minimum of eight days, the Opening Team will assist you with implementing the Restaurant System at your Restaurant. Within 10 days after receipt of an invoice

from MOD Pizza, you will pay MOD Pizza the Per Diem Training Fee (up to $500) and the additional Travel Expenses of the Opening Team members required to work at your Restaurant for more than eight days. The Opening Team is required for your first and second Restaurants. MOD Pizza will not be required to provide an Opening Team for your third or any subsequent Restaurant opening, so long as you have certified trainers on your own team. If you do not have certified trainers on your own team in time for the opening of your third or any subsequent Restaurant opening, you will be required to utilize the training provided by the Opening Team.

4. MOD Pizza will provide you with a written or electronic copy of the Franchise Support Guide (see Article 11 of the Franchise Agreement). The Franchise Support Guide is confidential and will remain the property of MOD Pizza during and after the term of the Franchise Agreement. You will be allowed to review a copy of the Franchise Support Guide at MOD Pizza's offices before you sign the Franchise Agreement. A copy of the table of contents to the Franchise Support Guide is attached to this Franchise Disclosure Document as **Exhibit I**.

5. MOD Pizza will provide a written schedule of all foods, food items, beverages, furniture, fixtures, supplies and equipment required for your MOD Pizza Restaurant (see Article 17.1 of the Franchise Agreement).

6. MOD Pizza will provide a list of the designated and approved suppliers for the products and services required by MOD Pizza for use or sale in your MOD Pizza Restaurant (see Articles 10 and 17.1 of the Franchise Agreement).

7. MOD Pizza will approve the office and telecommunications equipment, and the computer hardware, peripherals and software you will use in your MOD Pizza Restaurant (see Article 13 of the Franchise Agreement).

Generally, the opening of your MOD Pizza Restaurant will take place within six to twelve months after the date you sign the Franchise Agreement or pay the Initial Franchise Fee, and a Required Opening Date will be designated in your Franchise Agreement. Factors that will affect your opening date include selecting the location for your Restaurant, whether your Restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the beer and wine licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain the written approval of MOD Pizza to open your MOD Pizza Restaurant. MOD Pizza can terminate the Franchise Agreement if you fail to open your Restaurant by the Required Opening Date designated in the Franchise Agreement (see Articles 19.1(h) and 33.34 of the Franchise Agreement).

**Assistance During Operation of Restaurant - After the Opening of Your MOD Pizza Restaurant:**

1. MOD Pizza will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the training program or MOD Pizza determines that additional training is necessary (see Article 14 of the Franchise Agreement).

2. MOD Pizza will make available to you basic accounting and business procedures (see Article 17.1 of the Franchise Agreement). MOD Pizza will not offer accounting or bookkeeping services.

3. MOD Pizza will make general marketing recommendations and review and approve the Local Marketing for your Restaurant (see Articles 5.1 and 17.1 of the Franchise Agreement).

4. MOD Pizza will establish a "**Marketing Fund**" that will be administered and controlled by MOD Pizza. You will contribute 1.5% of your weekly Revenues to the Marketing Fund (see Article 4 of the Franchise Agreement).

5. MOD Pizza will periodically visit and review your Restaurant and provide written reports to you if deemed appropriate by MOD Pizza (see Article 17.1 of the Franchise Agreement).

6. MOD Pizza will use commercially reasonable efforts to legally protect the Marks and the Restaurant System (see Articles 16 and 17 of the Franchise Agreement).

7. MOD Pizza may develop and register new Marks (see Article 16 of the Franchise Agreement).

8. MOD Pizza will provide advisory services by telephone, in writing or by email or other electronic communication (see Article 17.1 of the Franchise Agreement).

9. MOD Pizza will furnish a sample MOD Pizza menu and modifications to the sample menu (see Article 17.1 of the Franchise Agreement).

10. MOD Pizza will provide the names and addresses of newly approved and designated suppliers for the foods, beverages and products required by MOD Pizza to be used or sold in your MOD Pizza Restaurant (see Articles 10 and 17.1 of the Franchise Agreement).

11. MOD Pizza will provide to you in writing or electronically all supplements and updates to the Franchise Support Guide (see Articles 11 and 17.1 of the Franchise Agreement).

12. If requested, MOD Pizza will send a consultant to train, assist and advise you on management and operations issues at the Franchised Location (see Article 17.2 of the Franchise Agreement). You will reimburse MOD Pizza for its Travel Expenses and pay the then-current Per Diem Training Fee (currently $500) for such consulting assistance.

**Advertising**

You will contribute 1.5% of your weekly Revenues (subject to increase to 3% upon 90 days written notice) to the Marketing Fund administered and controlled by MOD Pizza (see Article 4 of the Franchise Agreement). MOD Pizza will determine when, how and where the payments deposited into the Marketing Fund will be spent. This includes, without limitation, the right of MOD Pizza to purchase and pay for product and market research; customer research; real estate research; consultants; development of real estate computer models and software; demographic research; conventions; independent shopping service evaluations; production development and

materials; ad slicks; brochures; radio and television commercial production; services provided by advertising agencies; table tents, in-store advertising and menu boards; signs; public relations; telemarketing; direct mail advertising; promotional programs; sponsorships; loyalty programs and incentive programs; advertising market research; graphics and design costs; printing plates and cutting dies; creation, hosting, software development, upgrades, and maintenance for the MOD Pizza Website, mobile applications, and any additional websites deemed necessary by MOD Pizza, including intranet websites; Internet, social media and other electronic promotions and advertising; miscellaneous advertising; the administration of the Marketing Fund whether by us or a third party; the disposal of obsolete products and packaging; and other business products and services MOD Pizza deems appropriate and in the best interests of all MOD Pizza Restaurants and the Restaurant System. All administrative and other costs associated with or incurred in the administration of the Marketing Fund, including marketing and administrative personnel salaries, fringe benefits and Travel Expenses, long-distance telephone charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Marketing Fees) and office supplies will be paid from the Marketing Fund. Except for possible incidental website costs, the monies in the Marketing Fund will not be spent for the solicitation of prospective franchisees.

MOD Pizza does not have to spend the monies in the Marketing Fund for local, regional or national media coverage or in any particular market, and will not have to spend the weekly Marketing Fees in your market area in proportion to the weekly Marketing Fees paid by you. Media coverage may be local, regional or national as determined by MOD Pizza. MOD Pizza does not have to spend the funds in the Marketing Fund in the calendar year in which the payments were made. Payments to the Marketing Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Marketing Fund. The Marketing Fund is not audited. A summary showing the income to and the expenditures from the Marketing Fund during each calendar year will be prepared by MOD Pizza by March 31 of each year for the preceding year, and copies of the summary will, upon written request, be provided to you.

The Marketing Fund will be administered and controlled by MOD Pizza and governed by the terms of the Franchise Agreement. All franchised and company-owned MOD Pizza Restaurants will deposit 1.5% of their weekly Revenues into the Marketing Fund. Our Marketing Fund spend was as follows during our last fiscal year: 81.0% on media production, 4.7% on media placement, 11.4% on administrative expenses, and 2.8% on various other marketing endeavors.

You must spend at least 2% of your weekly Revenues on approved Local Marketing (see Article 5.2 of the Franchise Agreement). You must provide invoices or other supporting documentation to MOD Pizza to substantiate your Local Marketing expenditures. If you fail to meet this minimum requirement, you will pay the difference between what you should have spent and what you actually spent into the Marketing Fund. You will conduct Local Marketing for your MOD Pizza Restaurant after MOD Pizza has approved your advertising and promotion concepts, materials and media. You will not establish a website or home page for your Restaurant without MOD Pizza's prior consent.

When there are two or more MOD Pizza Restaurants in your DMA, you may be required to contribute Local Marketing Fees up to 2% of your weekly Revenues for the preceding week to a local marketing cooperative, the Local Marketing Association ("**LMA**"). The weekly Local Marketing Fees paid by you to the LMA will be applied to the Local Marketing requirement

discussed in the preceding paragraph. The LMA will be governed and organized by the terms of the Franchise Agreement and administered by the "**Members**" of the LMA (see Article 5.4 of the Franchise Agreement). The Members of the LMA will include the franchised MOD Pizza Restaurants and the MOD Pizza Restaurants owned and operated by MOD Pizza or an affiliate in the DMA. Each Member will have one vote for each franchised or company-owned MOD Pizza Restaurant owned by it in the DMA. MOD Pizza can form, merge, dissolve or change the LMA.

The LMA will conduct advertising, promotion, marketing and public relations for the benefit of the MOD Pizza Restaurants located in the DMA. The LMA will not conduct any advertising, promotion, marketing or public relations program or campaign for the MOD Pizza Restaurants in the DMA until MOD Pizza has given the LMA written approval for all proposed concepts, materials or media. The LMA will provide a written summary of the Members' contributions to the LMA and an accurate accounting of the LMA's expenditures for approved local marketing and promotion to MOD Pizza and its Members within 20 days after the end of each calendar quarter.

**Computer System**

The Computers and Software used in your Restaurant must meet the standards, specifications and requirements established by MOD Pizza in the Franchise Support Guide or otherwise in writing. MOD Pizza will require, recommend or approve the office, telecommunications and other equipment, and the computer hardware, computer software, peripheral devices and point-of-sale, cash register and operating systems you use in your MOD Pizza Restaurant. The Computers and Software for your Restaurant must perform the functions required by MOD Pizza (see Article 13 of the Franchise Agreement). These functions include serving as your point-of-sale cash register and maintaining certain sales, financial, marketing, management and other business information for your Restaurant. Your computer equipment must be approved by MOD Pizza, and you must use the required or approved computer software. The Brink point-of-sale system software is currently approved for use in your Restaurant. The estimated initial cost for your Computers and Software ranges from $5,000 to $10,000. Neither MOD Pizza nor an affiliate will supply, maintain, repair or update your Computers and Software. Office, fax and telecommunications equipment, computer hardware and peripherals, third party maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors. You may need to maintain, repair, upgrade or update your Computers and Software during the term of the Franchise Agreement. MOD Pizza estimates that the cost of this obligation will generally range from $1,000 to $2,000 per year. There is no contractual limitation on the frequency and the cost of this obligation.

MOD Pizza will at all times have independent and unrestricted access to the information and data collected and generated by your point-of-sale computer system and all business records ("**Business Records**") with respect to customers, and other service professionals of, and/or related to, the Restaurant including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by you are the sole property of MOD Pizza.

## Training

MOD Pizza will train your MOD Operator and two Management Staff (see Article 14.1 of the Franchise Agreement). All courses will be taught as often as MOD Pizza deems necessary, and will be held at a MOD Pizza Restaurant in Seattle, Washington or at another location designated by MOD Pizza (see the training chart below). The Training Program for your MOD Operator and two Management Staff will be in training for a minimum of four weeks. The Training Program will include instruction on the topics selected by MOD Pizza. The instructional materials for the Training Program will include the Franchise Support Guide and other written, electronic or on-line materials.

The following chart summarizes MOD Pizza's current initial Training Program for your MOD Operator and two Management Staff:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| MOD Orientation | 8 | 0 | MOD Pizza Headquarters |
| MOD Squad Training (Position, Service & Standards) | 0 | 40 | MOD SFP corporate restaurant or certified training center |
| MOD Captain Training (Shift Supervisor Training) | 0 | 40 | MOD SFP corporate restaurant or certified training center |
| MOD General Manager Training | 0 | 40 to 80 | MOD SFP corporate restaurant or certified training center |
| MOD Operator Training (Multi-Unit Manager Training) | 0 | 40 | MOD SFP corporate restaurant or certified training center |
| Totals | 8 | 160 to 240 | |

The Training Program will be conducted under the supervision of Lisa Stahler, Training Manager, Megan Hansen, Vice President of People, and Mike Kaspar, Director of Partner Operations and Training. Ms. Stahler has more than seven years of experience with MOD Pizza, Mr. Kaspar has more than four years of experience with MOD Pizza, and Ms. Hansen has more than one year of experience with MOD Pizza. All training will be conducted by instructors who have at least one year of experience with MOD Pizza Restaurants or in restaurant operations. The Training Program for your General Manager will be as summarized above, without the Multi-Unit training component.

The Training Program described in the above chart is provided to you and your Management Staff at no additional cost to you. However, you must pay the Salaries and Benefits, Travel Expenses and all other expenses for all persons who attend training on your behalf. You

and your Management Staff, including the MOD Operator, must begin the Training Program at least 60 days before the scheduled opening of your Restaurant and must successfully complete the Training Program to MOD Pizza's satisfaction no later than 20 days before you open your Restaurant.

MOD Pizza will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the required training, or MOD Pizza in its discretion determines that additional training is necessary. The additional training provided by MOD Pizza will be conducted at a MOD Pizza Restaurant in Seattle, Washington, at another location designated by MOD Pizza or at your Restaurant, at the discretion of MOD Pizza. You must pay MOD Pizza the then-current Per Diem Training Fee and reimburse MOD Pizza for the Travel Expenses it incurs in providing the training. You must also pay the Salaries and Benefits, Travel Expenses and all other expenses for each new Management Staff member who attends training on your behalf (see Article 14 of the Franchise Agreement).

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

## ITEM. 12
## TERRITORY

If you sign a Franchise Agreement, you will operate out of a single "**Franchised Location**" within a "**Protected Area.**" Your Protected Area will be the area within a designated radius of your Franchised Location, generally one to two miles based on local daytime populations, number of households and other relevant factors. Your Protected Area is established when you sign the Franchise Agreement, and may only be altered or relocated during the term of the Franchise Agreement with the prior written approval of MOD Pizza. You are not restricted from soliciting or accepting orders outside your Protected Area, but you may not sell any of the products or services offered in connection with your Restaurant on a wholesale basis, at any location other than your Franchised Location, or through the Internet, catalog, mail order, telemarketing or any other method of sales or distribution. The continuation of your Protected Area is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Protected Area or contiguous areas.

With MOD Pizza's prior written approval, you may relocate your Restaurant to another location in your Protected Area if: (1) your new location does not infringe upon and is not located within the market area of any existing or proposed MOD Pizza Restaurant; (2) your new location does not infringe on or is not located within any protected area granted to any other franchisee, area developer, master franchisee or subfranchisee of MOD Pizza; and (3) you pay MOD Pizza a Relocation Fee equal to 30% of MOD Pizza's then-current Initial Franchise Fee for a single Restaurant.

If you enter into an Area Development Agreement with MOD Pizza, you will receive the right to develop and operate MOD Pizza Restaurants in a specified geographic area called a "**Territory.**" The Territory typically consists of one or more cities or market areas and will be

delineated by specifying the streets or highways, or the county lines that form the boundaries of the Territory. Before you sign the Area Development Agreement, a description of the Territory will be included in the Area Development Agreement and a map of the Territory may also be attached. The size of the Territory and the number of MOD Pizza Restaurants you will develop within the Territory are determined by the population of the Territory and its market potential, taking into account demographics, economic conditions, business climate, competition, your financial resources and other relevant factors. Your Territory may not be altered or relocated during the term of the Area Development Agreement. You must meet the Development Schedule in the Area Development Agreement or you will lose your right to continue to develop MOD Pizza Restaurants in the Territory. Otherwise, the continuation of your Territory is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Territory or contiguous areas.

Your Protected Area or Territory is not an exclusive territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that MOD Pizza owns, or from other channels of distribution or competitive brands that MOD Pizza controls. MOD Pizza has the absolute right to: (1) develop other restaurant business concepts under other brand names if they are not Competitive Restaurants, even if the locations for the concept are within your Protected Area or Territory; (2) develop MOD Pizza Restaurants or Competitive Restaurants in your Protected Area or Territory if they are located at or within a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a stadium or arena used for sporting events, or a casino; (3) market, distribute and sell, on a wholesale or retail basis, packaged food products and other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if the sales are made to customers, distributors or retailers who are located in your Protected Area or Territory; and (4) own, operate, manage, franchise and/or license other individuals or entities to own, manage and/or operate Competitive Restaurants in your Protected Area or Territory if MOD Pizza or an affiliate of MOD Pizza derived its ownership interests or other rights to such restaurants after the date of your Franchise Agreement or Area Development Agreement as part of an acquisition or purchase of a majority of the ownership interests in, or substantially all of the assets of, another entity. MOD Pizza does not have to pay you if it exercises any of the rights specified above in your Protected Area or Territory. "**Competitive Restaurant**" is defined in the Franchise Agreement, and means any restaurant, other than another MOD Pizza Restaurant: (a) that derives at least 10% of its income from the sale of pizza, flat breads or related menu items, or (b) where at least 10% of the food selections offered to its customers are pizza and/or other Italian food selections, or (c) that is considered a "fast casual" pizza concept by consumers or industry trade press, or (d) that employs or incorporates one or more distinctive elements of the Restaurant System, including, but not limited to, similar menu pricing, use of a made-to-order, assembly line production system for pizzas or salads, or (e) that uses a menu that is similar to those used in the MOD Pizza Restaurants.

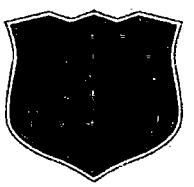
## ITEM. 13
## TRADEMARKS

Under the Franchise Agreement, MOD Pizza licenses you to operate your Restaurant under the name "**MOD Pizza®**" and to use certain other current and future Marks. You may only use

the Marks in the manner authorized in writing by MOD Pizza. You may not use any of the Marks as part of your corporate or other entity name. You must also follow the instructions of MOD Pizza for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations.

The Marks are owned by MOD SFP. On July 25, 2013, MOD SFP entered into an Intellectual Property License Agreement with MOD Pizza licensing the use of the Marks to MOD Pizza ("**License Agreement**"). Under the License Agreement, MOD SFP granted MOD Pizza the non-exclusive right to use and license the Marks for the purpose of franchising MOD Pizza Restaurants. The term of the License Agreement is twenty (20) years with automatic one-year renewal periods, and the License Agreement cannot be modified or terminated except by the mutual agreement of the parties. Other than the License Agreement, there are no agreements currently in effect which significantly limit MOD Pizza's rights to use or license the use of the Marks.

The following chart lists the Marks that have been registered by MOD SFP with the United States Patent and Trademark Office (the "**USPTO**"):

| Mark | Registration No. | Registration Date | Register |
|---|---|---|---|
| MOD PIZZA | 3,577,268 | February 17, 2009 | Principal |
| MOD | 4,873,119 | December 22, 2015 | Principal |
| MOD PIZZA SUPER FAST (& Shield Design) | 4,669,862 | January 13, 2015 | Principal |
| Red Shield Design  | 4,744,283 | May 26, 2015 | Principal |
| MOD (& Shield Design) | 4,951,383 | May 3, 2016 | Principal |

| Mark | Registration No. | Registration Date | Register |
|---|---|---|---|
| | | | |
| The Original Superfast Pizza | 5,326,053 | October 31, 2017 | Principal |
| Simple Food for Complex Times | 5,358,122 | December 19, 2017 | Principal |

All required affidavits or renewals will be filed when they become due on any of the Marks referenced above. The Marks are not registered in any particular state.

The following chart lists the Marks for which MOD SFP has applied for registration from the USPTO:

| Mark | Serial No. | Application Date | Status |
|---|---|---|---|
| MODNESS | 87/262,102 | December 8, 2016 | Pending; as of the date of this Disclosure Document, MOD SFP has received a Notice of Allowance and will timely prepare a response |
| What's Your MOD? | 87/290,433 | January 5, 2017 | Pending |
| We Are MOD | 87/240,860 | February 17, 2017 | Pending |

In addition to the Marks in the tables immediately above, we also claim common law rights in the following Marks, which have not been registered with the USPTO or any individual state:

| Mark | Status |
|---|---|
| Superfast | Common Law |
| Speed...Style...Pizza | Common Law |
| Individual, Artisan-Style Pizza Made On Demand – Super Fast! | Common Law |
| Any Toppings, Same Price | Common Law |
| Simple Menu. Endless Options. | Common Law |

| Mark | Status |
|---|---|
| How to MOD | Common Law |
| MODify | Common Law |
| MODS Rule | Common Law |
| MODsters | Common Law |
| MOD Squad | Common Law |
| MOD Is What I Make It | Common Law |
| MOD Is What You Make It | Common Law |
| Are You MOD? | Common Law |
| I Am MOD | Common Law |
| There's A Little MOD In All of Us | Common Law |
| Spreading MODness | Common Law |
| Random Acts of MODNESS | Common Law |
| Ready For Some MODNESS | Common Law |
| We Wear The Same Values, Not The Same Shirts | Common Law |
| Enjoy The Journey. | Common Law |

Except as described above, there are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. To the knowledge of MOD Pizza, there are no infringing uses which could materially affect your use of the Marks or other related rights in any state. There are no cancellation proceedings in which MOD Pizza or MOD SFP unsuccessfully sought to prevent registration of a trademark in order to protect the Marks.

You must provide MOD Pizza with written notice of any claims made against or associated with the Marks. MOD Pizza is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to defend, protect and/or indemnify you against claims of infringement and unfair competition because of your use of the Marks. However, if anyone establishes to the satisfaction of MOD Pizza that its rights are, for any legal reason, superior to the rights of MOD Pizza as to any of the Marks, then you must use the variances or other service marks, trademarks or trade names required by MOD Pizza.

## ITEM. 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

MOD Pizza does not own any patents or patent applications that are material to the MOD Pizza franchise. MOD Pizza intends to claim copyright in websites, mobile applications, advertising copy and design, menu designs, training materials, the Franchise Support Guide, and

other written or digital materials, and items may be developed in the future. MOD Pizza has not applied to the U.S. Copyright Office to register these copyrights.

Our Franchise Support Guide, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of MOD Pizza Restaurants, formulations for and packaging of products, and training, safety, and preparation techniques used to provide products sold at MOD Pizza Restaurants, information concerning our products, operating results, financial performance and other financial data of MOD Pizza Restaurants and other related materials are proprietary and confidential ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Franchise Support Guide. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

You should immediately inform MOD Pizza if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the trade secret, proprietary or confidential information. MOD Pizza will take the action it deems appropriate, in its sole discretion. If anyone establishes to the satisfaction of MOD Pizza that its rights to the materials are superior, then you must modify or discontinue your use of the materials as required by MOD Pizza.

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

You, or a person appointed by you, must serve as the MOD Operator ("**MOD Operator**") for the Restaurant. The MOD Operator must have at least five years of multi-unit restaurant management experience, including profit and loss responsibility, and must devote his or her full time and best efforts to the operation of the Restaurant.

If the party entering into the Franchise Agreement or Area Development Agreement with MOD Pizza is an entity, then the entity's owners must agree that during the term of the agreement, they will not participate in any Competitive Restaurant, and that for 24 months after the expiration or termination of the agreement, they will not participate in any Competitive Restaurant located within 10 miles of the MOD Pizza Restaurant, any other franchised MOD Pizza Restaurant, or any restaurant owned by MOD Pizza or an affiliate, or within any protected area granted by MOD Pizza. The owners of the entity must sign the applicable agreement and personal guaranty attached to the agreement. In addition, you must require any employee of yours that attends training or is otherwise given access to our Confidential Information and/or Trade Secrets to sign the Nondisclosure and Noncompetition Agreement attached to the Franchise Agreement before such employee is permitted to attend training or gain access to our Confidential Information and/or Trade Secrets.

## ITEM. 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the foods, beverages and products specified or approved by MOD Pizza in writing. Selling foods, beverages and products that have not been specified or approved by MOD Pizza is a material breach of the Franchise Agreement and, if not cured, is grounds for the termination of the Franchise Agreement. You must sell the foods, beverages and products required by MOD Pizza. MOD Pizza can change the foods, beverages and products that you must offer at your Restaurant. There is no limitation on the right of MOD Pizza to change the foods, beverages and products offered by MOD Pizza Restaurants. You are not limited to whom you may sell your foods, beverages and products, but you may not sell any of the foods, beverages or products offered in connection with your Restaurant on a wholesale basis, at any location other than your Restaurant, or through Internet, catalogue, mail order, telemarketing, or any other method of sales or distribution.

MOD Pizza does not impose any restrictions or conditions that limit your access to customers, except that you may offer catering and delivery services only with the prior written approval of MOD Pizza and according to MOD Pizza's standards and specifications.

## ITEM. 17
## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| | Provision | Article in Franchise Agreement | Summary |
|---|---|---|---|
| a. | Length of the franchise term | 2.1 | 10 years beginning as of the Required Opening Date or your actual opening date, if earlier (which may be extended under certain circumstances to coincide with the term of the lease for your Franchised Location, as described in Article 2.1 of the Franchise Agreement). |
| b. | Renewal or extension of the term | 2.2 | Right to reacquire the Franchise for a successor term equal to the length of the term then offered by us. |

| | Provision | Article in Franchise Agreement | Summary |
|---|---|---|---|
| c. | Requirements for franchisee to renew or extend | 2.2 | You must: give written notice at least 180, but not more than 365 days before expiration; have complied with all material terms and conditions of your current Franchise Agreement; have paid all monetary obligations owed to us during the term of the Franchise Agreement; agree in writing to remodel your Franchised Location; have the right to continue to occupy the Franchised Location for at least five additional years; sign the then-current standard Franchise Agreement; pay the Successor Fee; execute a general release of claims against us, our parent, subsidiaries, affiliates, and related people; and you and your Management Staff must complete the required training. You will sign a new Franchise Agreement which may have materially different terms and conditions than your original Franchise Agreement. |
| d. | Termination by franchisee | Not applicable | You have no contractual right to terminate the Franchise Agreement for any reason. |
| e. | Termination by franchisor without cause | Not applicable | |
| f. | Termination by franchisor with cause | 19.1 | If you breach the Franchise Agreement. |

| Provision | Article in Franchise Agreement | Summary |
|---|---|---|
| g. "**Cause**" defined – curable defaults | 19.2 | You will have 30 days to cure if you: provide false, misleading, incomplete or inaccurate information; fail to obtain the site for the Franchised Location within 120 days of the date of the Franchise Agreement; fail to obtain valid food service and beer and wine licenses within 10 days before the Restaurant opens; or your Management Staff fail to complete the training program within 20 days before the Restaurant is scheduled to open; violate a law or regulation applicable to your Restaurant's operations; violate any material provision of the Franchise Agreement or Franchise Support Guide; fail to pay any Fees or expenses due to MOD Pizza or third parties; lose possession of the Franchised Location; lose your food service license or beer and wine license; fail to appoint a replacement MOD Operator; or breach any other agreement with MOD Pizza. You have five days to cure a failure to pay any Fees due to MOD Pizza as required by the Franchise Agreement or any other agreement. |

| Provision | Article in Franchise Agreement | Summary |
|---|---|---|
| h. "**Cause**" defined – non-curable defaults | 19.1 | MOD Pizza has the right (subject to state law) to terminate the Franchise Agreement immediately upon receipt of notice if you: or any of your current directors, officers or majority owners are convicted of or plead guilty or no contest to any law relating to your MOD Pizza Restaurant; are deemed insolvent; make a transfer for the benefit of creditors; abandon the Restaurant; fail to provide, or permit MOD Pizza to audit, your financial records; materially impair the goodwill of the Marks or the Restaurant System, subject to 24-hour cure period; violate any material provision three or more times during a 12- month period, or six or more times during the term of the Franchise Agreement; fail to open your Restaurant by the Required Opening Date; you or your owners commit any fraud or misrepresentation in the operation of your Restaurant; fail or refuse to maintain any insurance policy required by us or otherwise fail or refuse to comply with our insurance requirements; fail or refuse to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the cleanliness or sanitation of your Restaurant, and you do not correct the breach within 24 hours after receipt of written notice from us; or violate any health, safety, or sanitation law, ordinance, or regulation that we reasonably believe may pose harm to the public or to the reputation of you, us , or the System, and you do not correct the breach within 24 hours after receipt of written notice from us. |

| | Provision | Article in Franchise Agreement | Summary |
|---|---|---|---|
| i. | Franchisee's obligations on termination/non-renewal | 20 | You must: pay what you owe under the Franchise Agreement within five days after termination; immediately return all printed MOD Pizza materials; cease using the Marks and the Restaurant System; alter the appearance of the Franchised Location; and transfer your telephone directory listings to MOD Pizza. If the Franchise Agreement expires or is terminated or if you at any time cease to do business as a MOD Pizza Restaurant, we reserve the right to purchase all of the assets to the MOD Pizza Restaurant from you. |
| j. | Assignment of the contract by franchisor | 18.1 | No restrictions on the right of MOD Pizza to assign the Franchise Agreement; the assignee must fully perform all obligations of MOD Pizza under the Franchise Agreement. |
| k. | **"Transfer"** by franchisee – defined | 18.2, 18.3, 18.4 | Includes transfer in the event of death or disability, the sale of ownership interests, and transfer of rights under the Franchise Agreement. |
| l. | Franchisor approval of transfer by franchisee | 18.4 | MOD Pizza has the right to approve any transfer made by you, but will not unreasonably withhold its consent. |
| m. | Conditions for franchisor approval of a transfer | 18.4, 18.6 | You must: provide MOD Pizza with 45 days written notice of the transfer; pay all money owed to MOD Pizza; agree in writing to observe all applicable provisions of the Franchise Agreement; sign a joint and mutual release between you and MOD Pizza (see Exhibit E); and pay the Transfer Fee. The assignee must: meet the standards established by MOD Pizza for new franchisees; sign the legal agreements required by MOD Pizza; acquire the right to occupy the Franchised Location; acquire a valid food service and beer and wine license; and successfully complete training. |
| n. | Franchisor's right of first refusal to acquire franchisee's business | 21 | You must offer the Restaurant to MOD Pizza if you receive a bona fide offer to purchase. |

| Provision | | Article in Franchise Agreement | Summary |
|---|---|---|---|
| o. | Franchisor's option to purchase franchisee's business | 21 | MOD Pizza has the option to purchase at the price and terms stated in the third-party offer. We also have the right to purchase your MOD Pizza Restaurant if your Area Development Agreement is terminated. |
| p. | Death or disability of franchisee | 18.2 | If you are an individual, the Franchise Agreement may be transferred to your beneficiary without paying a Transfer Fee to MOD Pizza, subject to the requirements described in "**m**" above. |
| q. | Non-competition covenants during the term of the franchise | 23.2 | You may not participate in any Competitive Restaurant. |
| r. | Non-competition covenants after the franchise is terminated or expires | 23.3 | For 24 months after termination, you may not participate in any Competitive Restaurant that is within 10 miles of the Franchised Location or any other MOD Pizza Restaurant, or within any protected area granted by MOD Pizza. |
| s. | Modification of the agreement | 28.9 | Only by written agreement between you and MOD Pizza. |
| t. | Integration/merger clause | 28.10 | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | 27 | Except for certain claims, all disputes must be submitted to mediation. |
| v. | Choice of forum | 27.3, 28.5 | Washington (see attached Addendum for state law modifications). |
| w. | Choice of law | 32 | Washington (see attached Addendum for state law modifications). |

## THE DEVELOPER RELATIONSHIP

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

| | Provision | Article in Area Development Agreement | Summary |
|---|---|---|---|
| a. | Length of agreement term | 3 | To be determined by you and MOD Pizza. |
| b. | Renewal or extension of the term | Not applicable | |
| c. | Requirements for area developer to renew or extend | Not applicable | |
| d. | Termination by area developer | Not applicable | You may terminate the Area Development Agreement on any grounds available by applicable law. The Development Fee is not refundable. |
| e. | Termination by franchisor without cause | Not applicable | |
| f. | Termination by franchisor with cause | 8.1 | If you breach the Area Development Agreement. |
| g. | "**Cause**" defined – curable defaults | N/A | None. |
| h. | "**Cause**" defined – non-curable defaults | 8.1 | MOD Pizza has the right (subject to state law) to terminate the Area Development Agreement immediately upon receipt of notice if you: fail to comply with the Development Schedule in the Area Development Agreement, subject to possible extension in accordance with the compliance bank provided in the Area Development Agreement; abandon any of your Restaurants; or any of your directors, officers or majority Owners are convicted of or plead guilty or no contest to any law adversely affecting your MOD Pizza Restaurants; are deemed insolvent; make a transfer for the benefit of creditors; materially impair the goodwill of the Marks or the Restaurant System; or a Franchise Agreement between you and MOD Pizza is terminated for any reason. |

| Provision | Article in Area Development Agreement | Summary |
|---|---|---|
| i. Area developer's obligations on termination/non-renewal | 9 | Your rights under the Area Development Agreement revert to MOD Pizza; and you must continue to operate the MOD Pizza Restaurants you opened before termination of the Area Development Agreement. We also reserve the right to purchase your opened MOD Pizza Restaurants from you. |
| j. Assignment of the contract by franchisor | 7.1 | No restrictions on the right of MOD Pizza to assign the Area Development Agreement. |
| k. **"Transfer"** by area developer – definition | 7.2, 7.3, 7.4 | Includes transfer in the event of death or disability, the sale of ownership interests, and transfer of rights under the Area Development Agreement. |
| l. Franchisor approval of transfer by area developer | 7.3 | MOD Pizza has the right to approve any transfer made by you, but will not unreasonably withhold its consent. You will only have the right to transfer unexercised development rights if the transfer includes transfer of your operating Restaurants. |
| m. Conditions for franchisor approval of transfer | 7.3, 7.6 | You must: provide MOD Pizza with 45 days written notice of the transfer; pay all money owed to MOD Pizza; agree to observe all applicable provisions of the Area Development Agreement; sign a joint and mutual release between you and MOD Pizza (see Exhibit E); and pay the Transfer Fee. The assignee must meet the standards established by MOD Pizza for area developers; sign the legal agreements required by MOD Pizza; and successfully complete training. |
| n. Franchisor's right of first refusal to acquire area developer's business | 10 | You must offer the Area Development Agreement and your ownership interests to MOD Pizza if you receive a bona fide offer to purchase. |
| o. Franchisor's option to purchase area developer's business | 10 | MOD Pizza has the option to purchase at the price and terms stated in the third-party offer. We also have the right to purchase your MOD Pizza Restaurant if your Area Development Agreement is terminated. |

| Provision | Article in Area Development Agreement | Summary |
|---|---|---|
| p. Death or disability of area developer | 7.2 | If you are an individual, the Area Development Agreement may be assigned to your beneficiary without paying a Transfer Fee to MOD Pizza, subject to the requirements described in "**m**" above. |
| q. Non-competition covenants during the term of the franchise | 12.2 | You may not participate in any Competitive Restaurant. |
| r. Non-competition covenants after the franchise is terminated or expires | 12.3 | For 24 months after termination, you may not participate in any Competitive Restaurant that is within the Territory or 10 miles of the Territory or 10 miles of any other MOD Pizza Restaurant, or within any protected territory granted by MOD Pizza. |
| s. Modification of the agreement | 16.9 | Only by written agreement between you and MOD Pizza. |
| t. Integration/merger clause | 16.10 | Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Area Development Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | 15 | Except for certain claims, all disputes must be submitted to mediation. |
| v. Choice of forum | 15.3, 16.5 | Washington (see attached Addendum for state law modifications). |
| w. Choice of law | 20 | Washington (see attached Addendum for state law modifications). |

The Franchise Agreement and the Area Development Agreement may contain a number of provisions that could affect your legal rights. MOD Pizza recommends that you carefully review all of these provisions, and each of the agreements attached to this Disclosure Document in their entirety with a lawyer. Applicable state law might require additional disclosures related to the information contained in this Item. These additional disclosures appear in the Addendum attached to this Disclosure Document.

## ITEM. 18
## PUBLIC FIGURES

MOD Pizza does not use any public figure to promote its franchise. No public figure is involved in the management of MOD Pizza.

## 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.

Actual results vary from franchise to franchise, and MOD Pizza cannot estimate the results of a particular franchise. MOD Pizza recommends that prospective franchisees and developers make their own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney, accountant and other advisors prior to executing the Franchise Agreement or the Area Development Agreement.

### Average 2017 Net Sales of Certain Company-Owned Restaurants and Franchised Restaurants

As of December 31, 2017, we had a total of 223 company-owned MOD Pizza Restaurants owned and operated by MOD SFP, MOD CA, and MOD WI in the United States, and a total of 72 franchised MOD Pizza Restaurants. We also had two company-owned non-traditional MOD Pizza Restaurants that differ from the MOD Pizza Restaurants offered here, which we have not included in this financial performance representation.

**Covered Restaurants: Open for a Minimum of One Year**

Of the 295 MOD Pizza Restaurants in our franchise system as of December 31, 2017, a total of 185 MOD Pizza Restaurants (each an "**Covered Restaurant**") met the following criteria: they had been open and operating for a minimum of one year as of December 31, 2017 (the end of our 2017 fiscal year) and had been operated continuously through December 31, 2017. Of these 185 Covered Restaurants, 153 are company-owned MOD Pizza Restaurants and the remaining 32 are franchised MOD Pizza Restaurants.

**Mature Restaurants: Open for a Minimum of Two Years**

Of the 295 MOD Pizza Restaurants in our franchise system as of December 31, 2017, a total of 89 MOD Pizza Restaurants (each a "**Mature Restaurant**") met the following criteria: they had been open and operating for a minimum of two years as of December 31, 2017 (the end of our 2017 fiscal year) and had been operated continuously through December 31, 2017. Of these 89 Mature Restaurants, 77 are company-owned MOD Pizza Restaurants and 12 are franchised MOD Pizza Restaurants

## Tables

The sales information which follows in the table below was aggregated from the 2017 financial performances of the Covered Restaurants and Mature Restaurants.

| **COVERED RESTAURANTS (Open for a Minimum of One Year)** | # of Restaurants | 2017 Average Weekly Net Sales | # of Restaurants Exceeding Average | 2017 Highest Weekly Net Sales | 2017 Lowest Weekly Net Sales | 2017 Median Weekly Net Sales |
|---|---|---|---|---|---|---|
| Company-Owned Restaurants | 153 | $22,191 | 73 of 153 (47.7%) | $40,639 | $6,631 | $21,538 |
| Franchised Restaurants | 32 | $21,074 | 14 of 32 (43.8%) | $37,182 | $9,204 | $20,024 |
| Totals | 185 | $21,998 | 87 of 185 (47%) | $40,639 | $6,631 | $21,092 |
| | | | | | | |
| **MATURE RESTAURANTS (Open for a Minimum of Two Years)** | # of Restaurants | 2017 Average Weekly Net Sales | # of Restaurants Exceeding Average | 2017 Highest Weekly Net Sales | 2017 Lowest Weekly Net Sales | 2017 Median Weekly Net Sales |
| Company-Owned Restaurants | 77 | $22,913 | 36 of 77 (46.8%) | $39,084 | $8,610 | $21,092 |
| Franchised Restaurants | 12 | $24,493 | 5 of 12 (41.7%) | $37,182 | $17,383 | $23,587 |
| Totals | 89 | $23,126 | 41 of 89 (46.1%) | $39,084 | $8,610 | $21,193 |

Notes to Table:

(1) **"Net Sales"** is defined as total sales less taxes collected at the point of sale, such as sales taxes, and less the value of promotional discounts and complimentary products.

(2) A new franchisee's individual financial results are likely to differ from the results described in the financial performance representation above.

(3) Our auditors have not performed any procedures on the financial information in the table above and therefore assume no responsibility for that information.

(4) Written substantiation for the financial performance representation will be made available to you upon request.

## Summary

Sales will vary from restaurant to restaurant. In particular, the sales of your MOD Pizza Restaurant will be directly affected by factors which include the MOD Pizza Restaurant's geographic location; competition in the market; the number of MOD Pizza Restaurants in the market; the quality of both management and service at the MOD Pizza Restaurant; contractual relationships with lessors and vendors; the extent to which you finance the operation of your MOD Pizza Restaurant; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; cost of any automobile used in the business; other discretionary expenditures; accounting methods used and certain benefits and economies of scale which you may derive if you operate multiple MOD Pizza Restaurants on a consolidated basis.

Other than the preceding financial performance representation, MOD Pizza does not make any financial performance representations. We do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we or the selling franchisee 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 MOD Pizza's management by contacting Mr. Scott Svenson, MOD Super Fast Pizza Franchising, LLC, 2035 158th Court NE, Suite 200, Bellevue, WA 98008, (425) 455-1379, the Federal Trade Commission, and the appropriate state regulatory agency.

## ITEM. 20
## OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

Systemwide Outlet Summary
For Fiscal Years 2015/2016/2017 (1)

| Outlet Type | Year | Outlets at Start of Year | Outlets at End of Year | Net Change |
|---|---|---|---|---|
| Franchised | 2015 | 1 | 12 | +11 |
| | 2016 | 12 | 32 | +20 |
| | 2017 | 32 | 72 | +40 |
| Company-Owned (2) | 2015 | 30 | 80 | +50 |
| | 2016 | 80 | 155 | +75 |
| | 2017 | 155 | 225 | +70 |
| Total Outlets | 2015 | 31 | 92 | +61 |
| | 2016 | 92 | 187 | +95 |
| | 2017 | 187 | 297 | +110 |

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor or an Affiliate)
For Fiscal Years 2014/2015/2016 (1)

| State | Year | Number of Transfers |
|---|---|---|
| All States | 2015 | 0 |
| | 2016 | 0 |
| | 2017 | 0 |
| Totals | 2015 | 0 |
| | 2016 | 0 |
| | 2017 | 0 |

TABLE NO. 3

Status of Franchised Outlets
For Fiscal Years 2015/2016/2017 (1)

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| California | 2015 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2017 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| Colorado | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 4 | 0 | 0 | 0 | 0 | 6 |
| | 2017 | 6 | 8 | 0 | 0 | 0 | 0 | 14 |
| Florida | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Georgia | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| Indiana | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Kansas | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kentucky | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2017 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| Michigan | 2015 | 0 | 5 | 0 | 0 | 0 | 0 | 5 |
| | 2016 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2017 | 5 | 4 | 0 | 0 | 0 | 0 | 9 |

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| Missouri | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| Nevada | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |
| North Carolina | 2015 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2017 | 4 | 3 | 0 | 0 | 0 | 0 | 7 |
| Ohio | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2017 | 3 | 7 | 0 | 0 | 0 | 0 | 10 |
| South Carolina | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 6 | 0 | 0 | 0 | 0 | 6 |
| | 2017 | 6 | 3 | 0 | 0 | 0 | 0 | 9 |
| Totals | 2015 | 1 | 11 | 0 | 0 | 0 | 0 | 12 |
| | 2016 | 12 | 20 | 0 | 0 | 0 | 0 | 32 |
| | 2017 | 32 | 40 | 0 | 0 | 0 | 0 | 72 |

TABLE NO. 4

Status of Company-Owned Outlets
For Fiscal Years 2015/2016/2017 (1)

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Arizona | 2015 | 2 | 5 | 0 | 0 | 0 | 7 |
| | 2016 | 7 | 8 | 0 | 0 | 0 | 15 |
| | 2017 | 15 | 2 | 0 | 0 | 0 | 17 |
| California | 2015 | 8 | 8 | 0 | 0 | 0 | 16 |
| | 2016 | 16 | 12 | 0 | 0 | 0 | 28 |
| | 2017 | 28 | 14 | 0 | 0 | 0 | 42 |
| Delaware | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 1 | 0 | 0 | 0 | 1 |
| Idaho | 2015 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017 | 1 | 1 | 0 | 0 | 0 | 2 |
| Illinois | 2015 | 0 | 5 | 0 | 0 | 0 | 5 |
| | 2016 | 5 | 5 | 0 | 1 | 0 | 9 |
| | 2017 | 9 | 5 | 0 | 0 | 0 | 14 |

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Indiana | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 1 | 0 | 0 | 0 | 1 |
| Maryland | 2015 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 3 | 0 | 0 | 0 | 5 |
| | 2017 | 5 | 3 | 0 | 0 | 0 | 8 |
| Missouri | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 6 | 0 | 0 | 0 | 6 |
| | 2017 | 6 | 2 | 0 | 0 | 0 | 8 |
| Montana | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 1 | 0 | 0 | 0 | 1 |
| New Jersey | 2015 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2017 | 2 | 0 | 0 | 0 | 0 | 2 |
| Oregon | 2015 | 3 | 5 | 0 | 0 | 0 | 8 |
| | 2016 | 8 | 6 | 0 | 0 | 0 | 14 |
| | 2017 | 14 | 5 | 0 | 0 | 0 | 19 |
| Pennsylvania | 2015 | 0 | 4 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 6 | 0 | 1 | 0 | 9 |
| | 2017 | 9 | 2 | 0 | 0 | 0 | 11 |
| Texas | 2015 | 2 | 7 | 0 | 0 | 0 | 9 |
| | 2016 | 9 | 14 | 0 | 0 | 0 | 23 |
| | 2017 | 23 | 14 | 0 | 0 | 0 | 37 |
| Utah | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2017 | 0 | 4 | 0 | 0 | 0 | 4 |
| Virginia | 2015 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 5 | 0 | 0 | 0 | 6 |
| | 2017 | 6 | 1 | 0 | 0 | 0 | 7 |
| Washington | 2015 | 15 | 11 | 0 | 0 | 0 | 26 |
| | 2016 | 26 | 8 | 0 | 0 | 0 | 34 |
| | 2017 | 34 | 10 | 0 | 0 | 0 | 44 |
| Wisconsin | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 3 | 0 | 0 | 0 | 3 |
| | 2017 | 3 | 4 | 0 | 0 | 0 | 7 |
| **Totals** | 2015 | 30 | 50 | 0 | 0 | 0 | 80 |
| | 2016 | 80 | 77 | 0 | 2 | 0 | 155 |
| | 2017 | 155 | 70 | 0 | 0 | 0 | 225 |

**Footnotes:**

(1) As of December 31, 2015, 2016 and 2017.

(2) MOD Pizza Restaurants in Arizona, Idaho, Illinois, Indiana, Maryland, Montana, New Jersey, Oregon, Pennsylvania, Texas, Utah, Virginia, and Washington are

owned and operated by MOD SFP. MOD Pizza Restaurants in California are owned and operated by MOD CA. MOD Pizza Restaurants in Wisconsin are owned and operated by MOD WI. MOD SFP, MOD CA, and MOD WI are affiliates of MOD Pizza

TABLE NO. 5

Projected Openings as of December 31, 2017

| State | Franchise Agreements Signed But Outlets Not Opened | Projected New Franchised Outlets in Next Fiscal Year (1) | Projected New Company-Owned Outlets in Next Fiscal Year (1) |
|---|---|---|---|
| Alabama | 1 | 2 | 0 |
| Arizona | 0 | 0 | 2 |
| California | 0 | 2 | 10 |
| Colorado | 0 | 1 | 0 |
| Delaware | 0 | 0 | 1 |
| Florida | 1 | 6 | 0 |
| Georgia | 0 | 3 | 0 |
| Illinois | 0 | 0 | 9 |
| Maryland | 0 | 0 | 4 |
| Michigan | 0 | 5 | 0 |
| Missouri | 0 | 0 | 3 |
| Montana | 0 | 0 | 1 |
| North Carolina | 1 | 4 | 0 |
| Oregon | 0 | 0 | 5 |
| Pennsylvania | 0 | 0 | 3 |
| Texas | 0 | 0 | 16 |
| Utah | 0 | 0 | 6 |
| Virginia | 0 | 0 | 6 |
| Washington | 0 | 0 | 7 |
| Wisconsin | 0 | 0 | 2 |
| Totals | 3 | 23 | 75 |

**Footnotes:**

(1) From January 1, 2017 to December 31, 2017.

No franchisees were terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year. No franchisees failed to communicate with MOD Pizza within the 10-week period before the issuance date of this Disclosure Document.

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

During the last three fiscal years, no current or former franchisees have signed any confidentiality clauses which restrict them from discussing with you their experiences as a franchisee in the MOD Pizza franchise system.

There are no trademark-specific franchisee associations applicable to you, either created, sponsored or endorsed by MOD Pizza, or independent franchisee associations.

The name, address and telephone number of each Franchisee, as of December 31, 2016 is listed in **Exhibit A**.

## ITEM. 21
## FINANCIAL STATEMENTS

Attached as **Exhibit B** are audited Financial Statements for MOD Pizza as of and for the period ended December 31, 2017 and December 25, 2016 and December 27, 2015, as well as Unaudited Financial Statements as of February 28, 2018. Our 2017 fiscal year ended on December 31, 2017.

## ITEM. 22
## CONTRACTS

Attached as Exhibit C is the Franchise Agreement. Attached as Exhibit D is the Area Development Agreement.

## ITEM. 23
## RECEIPTS

The last pages of this Disclosure Document are detachable Receipts.

# EXHIBIT A

## MOD Pizza

## LIST OF FRANCHISED, COMPANY-OWNED RESTAURANTS AND SIGNED BUT NOT OPENED FRANCHISES

# EXHIBIT A

## MOD PIZZA COMPANY-OWNED RESTAURANTS

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Arizona | 2904 S. San Tan Village Parkway, Ste 101 | Gilbert | 480.214.6305 |
| Arizona | 3121 W. Peoria Ave., Suite 101 | Phoenix | 623.243.9724 |
| Arizona | 1380 N. Litchfield Road | Goodyear | 602.812.5777 |
| Arizona | 1804 S. Signal Butte Road | Mesa | 602.283.9836 |
| Arizona | 2020 E. Elliot Road, Suite 101 | Tempe | 602.314.8166 |
| Arizona | 4280 E. Indian School Road | Phoenix | 602.314.8379 |
| Arizona | 10893 N. Scottsdale Road, Suite 101 | Scottsdale | 602.314.8297 |
| Arizona | 3977 S. Arizona Ave, Suite 4 | Chandler | 602.283.2819 |
| Arizona | 4386 N. Oracle Rd., Suite 150 | Tucson | 520.448.5838 |
| Arizona | 4025 E. Chandler Blvd, Suite 74 | Phoenix | 602.422.8875 |
| Arizona | 6351 E. Broadway Blvd | Tucson | 520.908.6494 |
| Arizona | 21295 S. Ellsworth Loop Rd., Suite 101 | Queen Creek | 602.483.5075 |
| Arizona | 10580 N. Oracle Rd., Suite 150 | Oro Valley | 520.407.6870 |
| Arizona | 830 W. Warner Rd | Gilbert | 602.313.5666 |
| Arizona | 7480 W. Bell Rd, Suite 110 | Glendale | 602.476.5575 |
| Arizona | 3780 W. Ina Rd., Suite 180 | Tucson | 520.800.6540 |
| Arizona | 2000 E. Rio Salado Pkwy, Suite 1026 | Tempe | 480.499.0440 |
| California | 25910 The Old Road, Unit B-1 | Stevenson Ranch | 661.288.1590 |
| California | 3965-A Alton Parkway, Suite A | Irvine | 949.265.7770 |
| California | 5670 Cottle Road, Ste 20 | San Jose | 669.400.5375 |
| California | 1015 Broadbeck Dr. Ste. G | Thousand Oaks | 805.214.7010 |
| California | 5300 Lankershim Blvd. #103 | North Hollywood | 818.255.7425 |
| California | 26562-A Moulton Pkwy | Laguna Hills | 949.238.4616 |
| California | 5263 Prospect Rd | San Jose | 408.610.5411 |
| California | 530 Newhall Dr. | San Jose | 408.418.1123 |
| California | 5411 Lone Tree Way, Suite 100 | Brentwood | 925.626.2020 |
| California | 2830 Pinole Valley Road, Suite A | Pinole | 510.662.3172 |
| California | 1031 Cochrane Road, Suite 100 | Morgan Hill | 669.258.0000 |
| California | 2000 El Camino Real, Suite 15 | Santa Clara | 669.292.2900 |
| California | 7051 Yorktown Ave, Suite 103 | Huntington Beach | 714.477.6298 |
| California | 2941 Cochran St., Unit 1A | Simi Valley | 805.842.4442 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| California | 8985 Venice Blvd., Suite K | Los Angeles | 424.345.9282 |
| California | 27511 San Bernardino Ave., Suite 150 | Redlands | 909.748.0200 |
| California | 39010 Argonaut Way | Fremont | 510.298.4314 |
| California | 10815 N. Wolfe Rd, Suite 106 | Cupertino | 669.242.8311 |
| California | 8896 Apollo Way | Downey | 562.299.0344 |
| California | 16421 Sierra Lakes Pkwy, Suite 100 | Fontana | 909.302.5551 |
| California | 2000 South Bascom Ave, Suite 102 | Campbell | 408.508.7371 |
| California | 5130 Cherry Ave | San Jose | 669.400.5744 |
| California | 2308 South Shore Center Dr. | Alameda | 510.227.1444 |
| California | 26722 Portola Pkwy, Suite B | Foothill Ranch | 949.215.0031 |
| California | 2353 Oak Grove Rd | Walnut Creek | 925.378.6435 |
| California | 304 Soscol Ave, Suite A | Napa | 707.346.6758 |
| California | 4230 Long Beach Boulevard | Long Beach | 562.336.1787 |
| California | 3444 Arlington Ave | Riverside | 951.374.5255 |
| California | 1552 S. Azusa Ave, Suite B | City of Industry | 626.581.1664 |
| California | 1068 E. Brokaw Rd., Suite 70 | San Jose | 669.242.8805 |
| California | 127 Serramonte Center, Suite 660 | Daly City | 650.993.8796 |
| California | 453 Los Cerritos Center | Cerritos | 562.402.6880 |
| California | 1297 Chess Drive, Suite B | Foster City | 650.350.1530 |
| California | 1816 N. Main Street, Suite A | Salinas | 831.800.7003 |
| California | 3A Peninsula Center | Rolling Hills Estates | 310.265.0100 |
| California | 6417 Haven Ave, Suite 120 | Rancho Cucamonga | 909.944.5029 |
| California | 5040 El Cerrito Plaza #E004 | El Cerrito | 510.399.4960 |
| California | 21855 Ventura Blvd. | Woodland Hills | 818.610.1445 |
| California | 2015 Diamond Blvd, Suite 175 | Concord | 925.452.6190 |
| California | 163 Plaza Drive | Vallejo | 707.350.9340 |
| California | 4310 Century Blvd. | Pittsburg | 925.471.5009 |
| California | 146 Sunset Drive | San Ramon | 925.471.5799 |
| Delaware | 111 E. Main Street | Newark | 302.781.8381 |
| Idaho | 2824 N. Ramsey Road, Suite 105 | Coeur d'Alene | 208.277.9500 |
| Idaho | 600 21st Street | Lewiston | 208.494.1430 |
| Illinois | 2835 Showplace Dr., Suite 115 | Naperville | 630.946.0300 |
| Illinois | 70 S. Waukegan Road, Suite B | Deerfield | 847.770.6499 |
| Illinois | 370 West Army Trail Road, Suite 410B | Bloomingdale | 630.523.5296 |
| Illinois | 20505 N. Rand Road, Suite 520 | Kildeer | 847.307.4030 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Illinois | 701 N. Milwaukee Ave, Unit 364 | Vernon Hills | 847.281.0177 |
| Illinois | 103 S. Washington St., Suite 113 | Naperville | 630.544.3471 |
| Illinois | 1494 Waukegan Rd. | Glenview | 847.832.5012 |
| Illinois | 6447 Grand Ave | Gurnee | 224.610.0766 |
| Illinois | 15139 Lagrange Rd | Orland Park | 708.737.7359 |
| Illinois | 5530 West Touhy Ave | Skokie | 847.983.8025 |
| Illinois | 970 S. Waukegan Rd. | Waukegan | 224.610.0218 |
| Illinois | 3643 N. Western Ave | Chicago | 872.204.3855 |
| Illinois | 7135 S. Kingery Hwy | Willowbrook | 630.468.2099 |
| Illinois | 9540 S. Western Ave | Evergreen Park | 872.206.3890 |
| Indiana | 10441B Indianapolis Blvd | Highland | 219.301.7915 |
| Maryland | 909 Ellsworth Drive | Silver Spring | 240.485.1570 |
| Maryland | 10000 Town Center Ave, Suite C | Columbia | 240.865.5607 |
| Maryland | 2341 Forest Dr, Suite P | Annapolis | 443.321.9892 |
| Maryland | 6400 Ridge Rd, Building B, Suite 10 | Sykesville | 443.609.1136 |
| Maryland | 15511 Annapolis Rd, Suite 560 | Bowie | 301.464.0912 |
| Maryland | 5265 Buckeystown Pike | Frederick | 240.877.7967 |
| Maryland | 553 Ritchie Highway | Severna Park | 410.544.1872 |
| Maryland | 4401 Woodberry Street | Riverdale Park | 240.825.4256 |
| Missouri | 1976 Wentzville Pkwy | Wentzville | 636.856.1040 |
| Missouri | 338 S. Kirkwood Rd | Kirkwood | 314.238.7055 |
| Missouri | 6091 Mid Rivers Mall Dr | Cottleville | 636.336.9000 |
| Missouri | 1988 1st Capitol Dr | St. Charles | 636.669.0540 |
| Missouri | 15809 Fountain Plaza Dr | Ellisville | 636.591.0111 |
| Missouri | 8855K Ladue Rd | Ladue | 314.354.8120 |
| Missouri | 2033 Dorsett Village | Maryland Heights | 314.485.8040 |
| Missouri | 21 Conley Road, Unit U | Columbia | 573.227.2545 |
| Montana | 2775 N. Reserve Street | Missoula | 406.926.2770 |
| New Jersey | 300 Route 73 S., Suite J-1 | Marlton | 856.552.0050 |
| New Jersey | 706 Haddonfield Rd, Suite 1 | Cherry Hill | 856.406.1476 |
| Oregon | 2695 SW Cedar Hills Blvd, Suite 190 | Beaverton | 503.596.3555 |
| Oregon | 2540 NW 188th Ave, Ste. C | Hillsboro | 971.327.4379 |
| Oregon | 21370 SW Langer Farms Pkwy, Ste 132 | Sherwood | 503.862.5221 |
| Oregon | 7000 NE Airport Way, Suite 2212 | Portland | 971.230.7090 |
| Oregon | 4811 Meadows Road, Suite 115 | Lake Oswego | 971.233.7103 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Oregon | 204 SW Yamhill St. | Portland | 971.230.0547 |
| Oregon | 4425 Commercial St SE, Suite 150 | Salem | 971.209.4198 |
| Oregon | 12196 SW Scholls Ferry Rd | Tigard | 971.230.0822 |
| Oregon | 12091 SE Sunnyside Rd | Happy Valley | 503.486.6309 |
| Oregon | 110 NW Sisemore St, Suite 150 | Bend | 541.317.4151 |
| Oregon | 12311 NE Halsey St | Portland | 971.230.7440 |
| Oregon | 1844 NW Eastman Pkwy | Gresham | 503.328.3620 |
| Oregon | 203 Coburg Rd | Eugene | 458.205.8910 |
| Oregon | 4554 NE Cornell Rd | Hillsboro | 503.372.5834 |
| Oregon | 171 Rossanley Drive, Suite 101 | Medford | 541.773.3561 |
| Oregon | 77 E. 29th Ave | Eugene | 541.515.6554 |
| Oregon | 2298 Gable Rd., Suite 110 and 120 | St. Helens | 503.410.5218 |
| Oregon | 14911 SE McLoughlin Blvd. | Milwaukie | 503.850.6608 |
| Oregon | 509 Mt. Hood Street, Suite 100 | The Dalles | 541.246.6465 |
| Pennsylvania | 4025 Welsh Road | Willow Grove | 267.948.2180 |
| Pennsylvania | 289 E. Swedesford Road | Wayne | 484.581.1235 |
| Pennsylvania | 1878 Airport Road | Allentown | 484.488.3800 |
| Pennsylvania | 1751 Wilmington Pike, Suite F-1 | Glen Mills | 484.785.8145 |
| Pennsylvania | 4763 Freemansburg Ave | Easton | 484.935.0006 |
| Pennsylvania | 114 Pauline Dr. | York | 717.472.4060 |
| Pennsylvania | 1528 N. Main St | Warrington | 267.488.2169 |
| Pennsylvania | 3741 West Chester Pike, Suite 100 | Newtown Square | 484.420.2895 |
| Pennsylvania | 370 Town Center Dr | York | 717.855.2568 |
| Pennsylvania | 917 Norland Ave | Chambersburg | 717.219.4515 |
| Pennsylvania | 120 Rohrerstown Rd., Bldg 7, Suite A | Lancaster | 717.384.5888 |
| Texas | 10123 Louetta Rd. Ste 700 | Houston | 281.826.5001 |
| Texas | 5777 San Felipe St. | Houston | 713.343.4758 |
| Texas | 2682 Pearland Pkwy #120 | Pearland | 281.810.5998 |
| Texas | 1801 E. 51st Street, Bldg D, Suite 410 | Austin | 512.687.2670 |
| Texas | 14555 Memorial Drive | Houston | 832.775.0134 |
| Texas | 701 S. Capital of Texas Hwy, Suite F-600 | West Lake Hills | 512.792.5423 |
| Texas | 11521 North FM 620 | Austin | 512.792.5555 |
| Texas | 19820 Southwest Freeway | Sugar Land | 832.449.5791 |
| Texas | 1920 E. Riverside Drive, D-100 | Austin | 512.792.5554 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Texas | 4541 East Sam Houston Pkwy S, Suite 100 | Pasadena | 281.929.7483 |
| Texas | 151 Evans Drive, Suite 105 | Kyle | 512.268.0319 |
| Texas | 6825 S. Fry Rd, Suite 1100 | Katy | 832.437.5524 |
| Texas | 9925 Barker Cypress, Suite 146 | Cypress | 832.220.4931 |
| Texas | 2009 Main Street, Suite 500 | Lakeway | 512.953.4280 |
| Texas | 500 W Canyon Ridge Dr, Suite J100 | Austin | 512.975.7095 |
| Texas | 1240 N. Loop 336 W, Suite 500 | Conroe | 936.441.0054 |
| Texas | 8552 Highway 6 N, Suite 500 | Houston | 281.858.2911 |
| Texas | 14303 E. Sam Houston Pkwy N, Suite 1000 | Houston | 346.206.4125 |
| Texas | 2875 E. League City Pkwy, Suite 100 | League City | 281.334.1005 |
| Texas | 22026 N US-281, Suite 105 | San Antonio | 210.318.3338 |
| Texas | 272 FM 306, Suite 106 | New Braunfels | 830.609.9040 |
| Texas | 3351 Clear Lake City Blvd, Suite 1000 | Houston | 832.284.4290 |
| Texas | 5230 De Zavala Rd, Suite 234 | San Antonio | 210.819.2991 |
| Texas | 8134 Agora Parkway, Suite 250 | Live Oak | 210.566.4560 |
| Texas | 6777 Woodlands Parkway, Suite 314 | The Woodlands | 281.719.0148 |
| Texas | 3007 E. Central Texas Expressway, Suite 104 | Killeen | 254.680.5305 |
| Texas | 28920 Hwy 290 #H13 | Cypress | 832.334.5399 |
| Texas | 1911 Taylor St., Suite A | Houston | 713.862.4157 |
| Texas | 5102 FM 1463, #800 | Katy | 346.707.8154 |
| Texas | 2102 S. 31st Street, Suite 160 | Temple | 254.598.2054 |
| Texas | 2945 Gulf Freeway S., Suite F | League City | 281.678.8097 |
| Texas | 9315 Spencer Hwy, Suite G | La Porte | 832.835.3137 |
| Texas | 2168 Spring Stuebner Road, Suite 210 | Spring | 281.288.9144 |
| Texas | 2550 Citywest Blvd., Suite 100 | Houston | 832.975.8848 |
| Texas | 9600 S. IH 35, Suite C-200 | Austin | 951.405.4170 |
| Texas | 4537 Kingwood Drive, Suite 100 | Kingwood | 281.360.0036 |
| Texas | 14030 FM 2920, Suite G | Tomball | 936.209.1680 |
| Utah | 2577 S. Wildcat Way, Suite A | Woods Cross | 801.683.8258 |
| Utah | 6622 N. Landmark Drive, Suite B-100 | Park City | 435.255.6300 |
| Utah | 841 West Riverdale Road | Riverdale | 385.389.2124 |
| Utah | 6157 South State Street #1 | Murray | 385.389.6220 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Virginia | 13941 Promenade Commons St | Gainesville | 571.222.2088 |
| Virginia | 19855 Belmont Chase Dr, Suite 125 | Ashburn | 703.554.6964 |
| Virginia | 11048 Lee Hwy | Fairfax | 703.349.3076 |
| Virginia | 168 Maple Ave W | Vienna | 703.679.1860 |
| Virginia | 11642 Plaza America Dr | Reston | 703.674.3599 |
| Virginia | 13061 Lee Jackson Memorial Hwy, Suite S, Unit 28 | Fairfax | 703.679.1825 |
| Virginia | 14201 Hull Street Road | Chesterfield | 804.215.4966 |
| Washington | 1302 6th Avenue (One Union Building) | Seattle | 206.332.0200 |
| Washington | 317 Bellevue Way NE | Bellevue | 425.455.0141 |
| Washington | 1414 NE 42nd Street, Suite 103B | Seattle | 206.632.7111 |
| Washington | 2902 164th Street SW, Building C, Suite 6-7 | Lynnwood | 425.745.2209 |
| Washington | 305 Harrison St., Seattle Center-Amory Building, Suite 221 | Seattle | 206.428.6315 |
| Washington | 22833 NE 8th Street | Sammamish | 425.836.7345 |
| Washington | 8900 161st Ave. NE, Suite 165 | Redmond | 425.497.5104 |
| Washington | 10301 156th Street E., Suite B201 | Puyallup | 253.864.6663 |
| Washington | 19151 SE Mill Plain Blvd, Suite 100 | Vancouver | 360.254.4663 |
| Washington | 1568 Highlands Drive NE, Suite 120 | Issaquah | 425.313.4663 |
| Washington | 4502 S. Steele St., Suite 1507 | Tacoma | 253.274.0663 |
| Washington | 16330 Bothell Everett Hwy, Ste 102 | Mill Creek | 425.582.5901 |
| Washington | 23916 SE Kent-Kangley Rd, Ste 100 | Maple Valley | 425.578.9093 |
| Washington | 13030 Kent Kangley Road | Kent | 253.216.7025 |
| Washington | 6010 15th Ave NW | Seattle | 206.939.4000 |
| Washington | 19718 Hwy 99, Bldg 4, Suite 103 | Lynnwood | 425.582.5392 |
| Washington | 2550 W. Nob Hill Blvd, Suite 100 | Yakima | 509.759.7364 |
| Washington | 3104 E. Palouse Hwy, Suite A | Spokane | 509.570.7060 |
| Washington | 5128 Yelm Hwy SE, Suite A | Lacey | 360.918.0023 |
| Washington | 515 SR 9 NE, Suite #515-A | Lake Stevens | 425.903.5965 |
| Washington | 14309 NE 20th Street | Bellevue | 425.214.9903 |
| Washington | 23423 NE Novelty Hill Road | Redmond | 425.307.1150 |
| Washington | 707 W. Main Ave, Suite A-12 | Spokane | 509.570.0433 |
| Washington | 22833 Bothell Everett Hwy, Suite 161 | Bothell | 425.419.5578 |
| Washington | 17171 Bothell Way NE, Suite A004 | Lake Forest Park | 206.204.7760 |

| STATE | ADDRESS | CITY | TELEPHONE |
|---|---|---|---|
| Washington | 319 State Ave, Suite 101 | Marysville | 360.651.2161 |
| Washington | 17848 Garden Way NE | Woodinville | 425.471.7903 |
| Washington | 11065 Pacific Crest Pl NW, Bldg B, Ste 119 | Silverdale | 360.204.5641 |
| Washington | 1905 South 1st Street, Suite 100 | Yakima | 509.759.7315 |
| Washington | One Microsoft Way, The Commons | Redmond | |
| Washington | 1214 SW Scotton Way, Suite 117 | Battle Ground | 360.342.8077 |
| Washington | 2925 Newmarket St, Suite 101 | Bellingham | 360.746.8563 |
| Washington | 9405 N. Newport Hwy, Suite 200 | Spokane | 509.290.5465 |
| Washington | 2503 W Wellesley Ave, Bldg C, Suite 104 | Spokane | 509.326.1650 |
| Washington | 305 SE Chkalov Drive, Suite 120 | Vancouver | 360.952.4915 |
| Washington | 7916 NE 6th Ave | Vancouver | 360.828.5220 |
| Washington | 2803 Queensgate Drive | Richland | 509.628.1515 |
| Washington | 626 Haggen Drive, Suite 116 | Burlington | 360.707.0800 |
| Washington | 3622 Factoria Blvd SE | Bellevue | 425.312.2860 |
| Washington | 10427 Gravelly Lake Drive SW, Suite 102 | Lakewood | 253.584.1586 |
| Washington | 34817 Snoqualmie Pkwy, Suite 110 | Snoqualmie | 425.553.2707 |
| Washington | 11706 Mukilteo Speedway, Suite A101 | Mukilteo | 425.553.2605 |
| Washington | 2042 S. 320th Street | Federal Way | 206.212.6850 |
| Washington | 417 Ramsay Way #105 | Kent | 253.987.8070 |
| Wisconsin | 3721 S Moorland Rd | New Berlin | 262.901.2756 |
| Wisconsin | 2960 Cahill Main, Suite 130 | Fitchburg | 608.416.5224 |
| Wisconsin | 9250 76th St, Suite A | Pleasant Prairie | 262.484.4060 |
| Wisconsin | 4151 N. Oakland Ave | Shorewood | 414.509.8350 |
| Wisconsin | 2249 Zeier Road | Madison | 608.240.9650 |
| Wisconsin | 7470 W State St. | Wauwatosa | 414.257.2577 |
| Wisconsin | 1676 Old School House Rd., Suite 103 | Oconomowoc | 262.295.2770 |

**MOD PIZZA FRANCHISED RESTAURANTS**

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| California | 913 Dana Drive | Redding | 530.605.4727 | SFP Development Company, LLC |
| California | 5400 Crossings Drive | Rocklin | 916.824.1052 | SFP Development Company, LLC |

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| California | 2100 Arden Way, Suite 180 | Sacramento | 916.515.9834 | SFP Development Company, LLC |
| California | 815 East Ave, Suite 150 | Chico | 530.636.4862 | SFP Development Company, LLC |
| California | 2051 Bronze Star Drive, Suite 100 | Woodland | 530.669.6639 | SFP Development Company, LLC |
| California | 2150 Grass Valley Hwy | Auburn | 530.887.8098 | SFP Development Company, LLC |
| Colorado | 8225 S. Chester Street #103 | Centennial | 720.214.5360 | Best Pizza, LLC |
| Colorado | 7447 N. Academy Blvd | Colorado Springs | 719.219.1912 | Best Pizza, LLC |
| Colorado | 4989 Factory Shops Blvd | Castle Rock | 720.616.4500 | Best Pizza, LLC |
| Colorado | 994 W. Dillon Rd, Suite 600 | Louisville | 303.736.2481 | Best Pizza, LLC |
| Colorado | 23890 E. Smoky Hill Rd, Suite 10 | Aurora | 720.508.8690 | Best Pizza, LLC |
| Colorado | 1013 Centre Ave | Fort Collins | 970.484.3497 | Best Pizza, LLC |
| Colorado | 6415 W. 104th Ave, #400 | Westminster | 720.417.7300 | Best Pizza, LLC |
| Colorado | 4465 Venetucci Blvd, Suite 120 | Fountain | 719.576.0168 | Best Pizza, LLC |
| Colorado | 5925 Dublin Blvd. | Colorado Springs | 719.638.2247 | Best Pizza, LLC |
| Colorado | 3622 E. Highlands Ranch Pkwy #101 | Highlands Ranch | 303.470.1049 | Best Pizza, LLC |
| Colorado | 1137 Diamond Circle, Suite 400 | Lafayette | 720.502.3486 | Best Pizza, LLC |
| Colorado | 13461 Bass Pro Drive, Suite 100 | Colorado Springs | 719.487.3137 | Best Pizza, LLC |
| Colorado | 9135 E. Northfield Blvd., Suite 140 & 150 | Denver | 720.242.6046 | Best Pizza, LLC |
| Colorado | 4365 Centerplace Dr., Suite 300 | Greeley | 970.330.1344 | Best Pizza, LLC |
| Florida | 7171 N. State Rd. 7 | Parkland | 754.812.1192 | Food For Thought Restaurant Group, LLC |
| Florida | 15247 Bartram Park Blvd., Suite 201 | Jacksonville | 904.666.5190 | Food For Thought Restaurant Group, LLC |
| Georgia | 1945 Cobb Parkway, Bldg.250 | Kennesaw | 470.264.0050 | Southern Pie, LLC |

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| Georgia | 2502 Blackmon Drive, Suite 810 | Decatur | 678.251.4625 | Southern Pie, LLC |
| Georgia | 215 Marketplace Blvd., #200 | Dawsonville | 706.531.0900 | Southern Pie, LLC |
| Indiana | 6401 Lloyd Expressway | Evansville | 812.602.5525 | Cool Dough Development, LLC |
| Indiana | 8505 A Keystone Crossing | Indianapolis | 317.215.0249 | Paceline Partners, LLC |
| Kansas | 20152 W. 153rd St | Olathe | 913.254.3461 | Paceline KC, LLC |
| Kentucky | 3085 Breckenridge Ln | Louisville | 502.915.7810 | Cool Dough Development, LLC |
| Kentucky | 2217 War Admiral Way | Lexington | 859.263.0110 | Cool Dough Development, LLC |
| Kentucky | 2710 Heartland Crossing Blvd., Suite C | Owensboro | 270.240.2646 | Cool Dough Development, LLC |
| Kentucky | 4101 Tates Creek Centre Drive | Lexington | 859.368.0855 | Cool Dough Development, LLC |
| Michigan | 13229 Middlebelt Rd | Livonia | 734.245.0710 | TSFR Pizza, LLC |
| Michigan | 18821 Traditions Dr | Northville | 248.277.3620 | TSFR Pizza, LLC |
| Michigan | 3058 S. Rochester Rd. | Rochester Hills | 248.923.3545 | TSFR Pizza, LLC |
| Michigan | 23071 Allen Rd | Woodhaven | 734.759.1055 | TSFR Pizza, LLC |
| Michigan | 8605 W. Grand River Ave | Brighton | 517.586.0345 | TSFR Pizza, LLC |
| Michigan | 50670 Gratiot Ave | Chesterfield | 586.265.5470 | TSFR Pizza, LLC |
| Michigan | 41869 Ford Road | Canton | 734.456.6100 | TSFR Pizza, LLC |
| Michigan | 15153 23 Mile Road | Shelby Township | 586.464.2380 | TSFR Pizza, LLC |
| Michigan | 56619 Van Dyke | Shelby Township | 586.684.4359 | TSFR Pizza, LLC |
| Missouri | 1912 Star Dr. | Liberty | 816.407.9482 | Paceline KC, LLC |
| Missouri | 1112 NE Coronado Drive | Blue Springs | 816.406.0963 | Paceline KC, LLC |
| Missouri | 1937 Foxwood Drive | Raymore | 816.406.1787 | Paceline KC, LLC |
| Missouri | 5315 N. Antioch Road | Kansas City | 816.875.5090 | Paceline KC, LLC |
| Nevada | 4945 South Virginia Street, Suite A | Reno | 775.826.0232 | SFP Development Company, LLC |
| North Carolina | 2071 W. Millbrook Rd | Raleigh | 919.987.3668 | RTHT Investments, LLC |
| North Carolina | 14318 RiverGate View Dr. | Charlotte | 980.474.3325 | RTHT Investments, LLC |

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| North Carolina | 1950 Skibo Road | Fayetteville | 910.354.2607 | RTHT Investments, LLC |
| North Carolina | 873 Merrimon Ave | Asheville | 828.774.5406 | RTHT Investments, LLC |
| North Carolina | 2815 Rogers Road | Wake Forest | 919.263.1211 | RTHT Investments, LLC |
| North Carolina | 10420 E. Independence Blvd. | Matthews | 704.321.0310 | RTHT Investments, LLC |
| North Carolina | 6625 Berewick Commons Pkwy | Charlotte | 704.910.1220 | RTHT Investments, LLC |
| Ohio | 3208 Vandercar Way | Cincinnati | 513.351.0064 | Cool Dough Development, LLC |
| Ohio | 333 S. Hamilton Rd | Gahanna | 614.914.4693 | Paceline Partners, LLC |
| Ohio | 7240 Outfitters Way | West Chester Township | 513.755.0678 | Cool Dough Development, LLC |
| Ohio | 1310 Polaris Parkway | Columbus | 614.254.6062 | Paceline Partners, LLC |
| Ohio | 4784 Morse Rd. | Columbus | 614.369.4878 | Paceline Partners, LLC |
| Ohio | 9196 N. Main Street | Englewood | 937.771.0918 | Cool Dough Development, LLC |
| Ohio | 6181 Sawmill Rd., Suite A | Columbus | 614.356.9717 | Paceline Partners, LLC |
| Ohio | 1301 Hill Road North | Pickerington | 614.682.7454 | Paceline Partners, LLC |
| Ohio | 5225 Cornerstone North Blvd. | Centerville | 937.310.1358 | Cool Dough Development, LLC |
| Ohio | 442 Ohio Pike #110 | Cincinnati | 513.449.3409 | Cool Dough Development, LLC |
| South Carolina | 145 Calhoun Street, Suite 100 | Charleston | 843.414.0500 | Rolling Dough, LLC |
| South Carolina | 1400 Hwy 17 N, Unit 6 | N. Myrtle Beach | 843.281.0686 | Rolling Dough, LLC |
| South Carolina | 141 Pelham Dr., Suite 29 | Columbia | 803.667.9596 | Rolling Dough, LLC |
| South Carolina | 1812 Sam Rittenberg Blvd, Suite 16 | Charleston | 854.999.1872 | Rolling Dough, LLC |
| South Carolina | 2135 Ashley Phosphate Rd, Suite 102 | North Charleston | 854.444.5100 | Rolling Dough, LLC |
| South Carolina | 1370 S. Commons Dr., Unit 103 | Myrtle Beach | 843.668.2958 | Rolling Dough, LLC |
| South Carolina | 10296 Two Notch Rd. #4 | Columbia | 803.400.2467 | Rolling Dough, LLC |
| South Carolina | 107 Debo Drive, Suite 220 | Myrtle Beach | 843.236.0798 | Rolling Dough, LLC |

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| South Carolina | 5318 Sunset Blvd., Suite E | Lexington | 803.520.0229 | Rolling Dough, LLC |

**MOD PIZZA FRANCHISE AGREEMENTS SIGNED BUT NOT YET OPENED**

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| California | 804 Reading St., Suite B | Folsom | 916.773.9595 | SFP Development Company, LLC<br>Signed Development Agreement to open 15 stores. (7 stores open) |
| Colorado | (Idaho office)<br>PO BOX 2438 | Ketchum | 208.806.0730 | Best Pizza, LLC<br>Signed Development Agreement to open 25 stores. (14 stores open) |
| Florida | 401 East La Olas Blvd, Suite 800 | Fort Lauderdale | 954.940.5448 | Food For Thought Restaurant Group, LLC<br>Signed Development Agreement for 60 stores<br>(2 stores open) |
| Georgia and Alabama | 400 S. Front Street | Wilmington, NC | 919.414.4076 | Southern Pie, LLC<br>Signed Development Agreement for 30 stores<br>(3 stores open) |
| Kansas City Columbus, OH, Indianapolis, IN | 14 South 9th Street | Terre Haute, IN | 812.478.0232 | Paceline Partners, LLC<br>Signed Development Agreement to open 37 stores (11 stores open) |
| Kentucky and Cincinnati, OH | 145 Rose Street | Lexington | 859.225.3680 | Cool Dough Development, LLC<br>Signed Development Agreement to open 20 stores (10 stores open) |
| Michigan | 17800 Laurel Park Drive N., Ste 200C | Livonia | 248.357.6225 | TSFR Pizza, LLC<br>Signed Development Agreement to open 25 stores. (9 stores open) |

| STATE | ADDRESS | CITY | TELEPHONE | NAME |
|---|---|---|---|---|
| North Carolina | 1207-B Crews Rd | Matthews | 704-844-1770 | RTHT Investments, LLC Signed Development Agreement to open 25 stores (7 stores open) |
| South Carolina | 126 N. Forest Beach Court | Hilton Head Island | 434.942.2626 | Rolling Dough, LLC Signed Development Agreement to open 10 stores (9 stores open) |

# EXHIBIT C

# MOD Pizza

# FRANCHISE AGREEMENT, INCLUDING STATE ADDENDA

**MOD Pizza**

**EXHIBIT C**

# FRANCHISE AGREEMENT

**Franchisee:** _____

**Date:** _____

**Location:** _____

_____

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# MOD SUPER FAST PIZZA FRANCHISING, LLC
# FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made, entered into and effective on _____ ("**Effective Date**"), by and between MOD SUPER FAST PIZZA FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**"), and _____, a(n) _____ ("**Franchisee**"). Capitalized terms not otherwise defined upon their first use shall have the meanings ascribed to such terms in Article 33 below, or as otherwise noted.

## INTRODUCTION

The Franchisor has developed a distinctive business system for operating and franchising restaurants featuring "made on demand" artisan pizzas, salads, desserts, alcoholic and nonalcoholic beverages, and other distinctive Foods, Beverages and Products which are associated with the Marks (as defined below), copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising and instructions promulgated by the Franchisor ("**Restaurant System**"), and has extensively publicized the name "**MOD Pizza®**" to the public as an organization of restaurant businesses operating under the Restaurant System.

The Franchisor has the right and authority to license the use of the name "**MOD Pizza®**" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by the Franchisor in writing now owned, licensed or developed by the Franchisor ("**Marks**") for use in connection with the Restaurant System to selected persons, businesses or Entities that will comply with the Franchisor's uniformity requirements and quality standards.

The Franchisor will continue to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages and Products and related services marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service.

The Franchisee desires to develop, own and operate a MOD Pizza Restaurant ("**Restaurant**") in conformity with the Restaurant System and the Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by the Franchisor.

The Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness and service established by the Franchisor, and the necessity of operating the Franchisee's Restaurant in strict conformity with the standards and specifications established by the Franchisor.

Pursuant to this Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, the Franchisor and the Franchisee agree and contract as follows:

## 1. GRANT OF FRANCHISE

1.1. Franchised Location. The Franchisor hereby grants the Franchisee the personal right to operate one MOD Pizza Restaurant in conformity with the Restaurant System using the name "**MOD Pizza**" and other specified Marks only at the Franchised Location described in the Addendum attached to this Agreement.

1.2. Protected Area. Except as provided to the contrary in this Article, the Franchisee will receive the "**Protected Area**" defined in the Addendum attached to this Agreement. So long as the Franchisee is not in default of this Agreement, the Franchisor and its Affiliates will not have the right to Develop MOD Pizza Restaurants that are physically located within the Franchisee's Protected Area. Notwithstanding the foregoing, the Franchisor and its Affiliates will have the absolute right to:

(a) Develop other restaurant business concepts under other brand names, provided such concepts are not Competitive Restaurants, even if the locations for the concepts are within the Protected Area;

(b) Develop MOD Pizza Restaurants and/or Competitive Restaurants in the Protected Area if they are located on a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a stadium or arena used for sporting events and/or a casino;

(c) Market, distribute and sell, on a wholesale or retail basis, packaged food products, merchandise, gift cards or other goods under any of the Marks or other brand names, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other method of marketing or distribution, even if such sales are made to customers, distributors or retailers who are located in the Protected Area; and

(d) Own, operate, manage, franchise and/or license other individuals or Entities to own, manage and/or operate Competitive Restaurants in the Protected Area if the Franchisor or an Affiliate derived its Ownership Interests or other rights to such restaurants as part of an acquisition or purchase of a majority of the Ownership Interests in, or substantially all of the assets of, another Entity.

1.3. Undetermined Franchised Location. If the Franchised Location has not yet been determined as of the Effective Date of this Agreement, then when the address of the Franchised Location is determined, the street address, city and state for the Franchised Location will be inserted in the attached Addendum to this Agreement and signed by both the Franchisor and the Franchisee.

1.4. Relocation. Provided the Franchisee is not in default of this Agreement, the Franchisee may, at its sole expense and with the prior written approval of the Franchisor, relocate the Franchised Location if: (a) the proposed new location is located in the Franchisee's original Protected Area, as defined in the Addendum to this Agreement when this Agreement was signed by the parties; (b) the proposed new location meets the Franchisor's then-current requirements; and (c) the Franchisee's new Protected Area, as defined in the Addendum to this Agreement based upon the proposed new location, does not infringe upon (i) the market area of any existing or proposed MOD Pizza Restaurant or any other restaurant owned or operated by the Franchisor or any of its Affiliates; or (ii) any protected area granted to any other franchisee, master franchisee, developer, area developer,

or subfranchisee of MOD Pizza Restaurants. The new Franchised Location of the Restaurant, including the real estate and the building, must comply with the Franchisor's then-current image, décor, standards and specifications. The Franchisee will pay the Franchisor a relocation fee ("**Relocation Fee**") equal to 30% of the Franchisor's then-current initial franchise fee for a single franchise. The Franchisee will pay 60% of the Relocation Fee amount upon requesting the Franchisor's review of a relocation site, and will pay the balance on the date the Franchisor approves the Franchisee's right to relocate to the new location. The Franchisee will also sign the Franchisor's then-current Franchise Agreement for a full initial franchise term as provided in the Franchisor's then-current Franchise Agreement and execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries and Affiliates (if applicable) and their respective officers, directors, attorneys, Owners and employees. The Franchisee will pay the Franchisor a minimum Continuing Fee (as defined in Article 3.2 below) of $500 per Week during all Weeks that the Franchisee's MOD Pizza Restaurant is closed due to relocation.

1.5. Conditions. The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. The Franchisee will not have the right to Transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

## 2. TERM OF AGREEMENT

2.1. Term. The term ("**Initial Term**") of this Agreement will commence on the Effective Date and will be for a period of 10 years; provided however that if the Lease for the Franchised Location is effective after the Effective Date, then the term of this Agreement will be coextensive with the term of the Lease, not to exceed 10 years from the effective date of the Lease, unless otherwise extended as set forth herein. This Agreement will not be enforceable until it has been signed by both the Franchisee and the Franchisor.

2.2. Successor Term. Provided that, at the end of the Initial Term of this Agreement [or any Successor Term (as defined below), as the case may be]: (a) the Franchisee has timely complied with all terms and conditions of this Agreement, including the timely payment of all Continuing Fees, Marketing Fees and other Fees due to the Franchisor; (b) the Franchisee has paid or satisfied all monetary obligations owed by the Franchisee to the Franchisor, Franchisor's Affiliates, Approved Suppliers, and Designated Suppliers; (c) the Franchisee is not in default under this Agreement; and (d) the Franchisee has not been in default under this Agreement more than two times in any 12 month period or more than six times during the Initial Term (or the immediately preceding Successor Term, as the case may be) and no default by the Franchisee has remained uncured for longer than 60 days, the Franchisee may, at its option, have the right to operate the Franchise at the Franchised Location for an additional term ("**Successor Term**") commencing on the end of the Initial Term (or immediately preceding Successor Term, as the case may be) and continuing for a period equal to the length of the term then offered by the Franchisor to new franchisees at such time. The Franchisee must exercise its option for a Successor Term by giving the Franchisor written notice of Franchisee's election to do so at least 180 days and no more than one (1) year prior to the expiration of the Initial Term (or immediately preceding Successor Term, as the case may be). As a condition for any Successor Term, the Franchisee must cause all of the following to occur:

(a) The Franchisee must provide written evidence to the Franchisor that the Franchisee either owns or has the right to lease the Franchised Location for at least five (5) additional years after the end of the Initial Term;

(b) The Franchisee must sign Franchisor's then-current form of franchise agreement ("**Successor Franchise Agreement**"), which may include terms and conditions materially different from those in this Agreement, such as different performance standards, fee structures and/or increased fees, and an option to operate the Franchise for any additional terms; provided, however, the Continuing Fee included in the Successor Franchise Agreement will not exceed 120% of the Continuing Fee required by the terms of the previous Franchise Agreement entered into by the Franchisee and the Franchisor;

(c) In lieu of paying the Initial Franchise Fee specified in the Successor Franchise Agreement, the Franchisee must pay to Franchisor a successor fee ("**Successor Fee**") in an amount equal to 30% of the Initial Franchise Fee specified in the Successor Franchise Agreement;

(d) The Franchisee must execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries or Affiliates (if applicable) and their officers, directors, attorneys, Owners and employees;

(e) The Franchisee and its Management Staff must complete any new training requirements designated by the Franchisor; and

(f) The Franchisee must agree in writing to make, within six months after the effective date of the Successor Franchise Agreement, all capital expenditures necessary to remodel the Franchised Location, as determined by the Franchisor, to comply with the then-current MOD Pizza image, décor, and specifications established by the Franchisor, and provide evidence to the Franchisor's reasonable satisfaction that the Franchisee has received a written loan commitment from a commercial lender for the amount of the estimated cost of the remodeling or has the financial capability of making such expenditures.

2.3. Interim Period. If the Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and the Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the Franchisor's option, this Agreement may be treated either as (i) expired as of the date of expiration with the Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period and the provisions of Article 20 will apply. In the latter case, all of the Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on the Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## 3. FEES

3.1. Initial Franchise Fee. In consideration of the Franchise granted herein, the Franchisee must pay to Franchisor an initial franchise fee ("**Initial Franchise Fee**") of $30,000 for the right to operate one MOD Pizza Restaurant in the Protected Area. Franchisee acknowledges and agrees that the Initial Franchise Fee is payable upon signing this Agreement and is fully earned upon receipt by Franchisor and is non-refundable under any circumstances.

3.2. Continuing Fee. The Franchisee will pay to the Franchisor a continuing fee equal to 5% of the Weekly Revenues generated by the Franchisee's MOD Pizza Restaurant during the preceding Week ("**Continuing Fee**"). If the Franchisee opens its MOD Pizza Restaurant before the Required Opening Date, then the Franchisee will pay the Franchisor a Continuing Fee equal to 2.5% of Weekly Revenues for the period of time beginning as of the actual opening date and continuing until the earlier of the Required Opening Date or the date that is 12 Weeks from the actual opening date.

3.3. Date Payable. The Continuing Fee will be payable by the Franchisee on Wednesday of each Week (or such other day of the Week as may be designated in writing by the Franchisor) based upon the Weekly Revenues generated in the preceding Week. The Franchisee's obligation to pay the Continuing Fee to the Franchisor will commence on the first Wednesday after the Week (or partial Week) in which the Franchisee's Restaurant commences business. The Continuing Fee will be payable by the Franchisee during the term of this Agreement by EFT as provided for in Article 6.2 of this Agreement. The Franchisor may elect to collect the Continuing Fee on an Accounting Period or other basis upon 30 days' prior written notice to the Franchisee specifying the payment period and payment date, which election may be rescinded or modified at any time upon 30 days' prior written notice to the Franchisee.

## 4. MARKETING FEE; MARKETING FUND

4.1. Marketing Fee. In addition to all amounts payable to the Franchisor by the Franchisee pursuant to this Agreement, on Wednesday of each Week (or such other day of the Week as may be designated in writing by the Franchisee) during the entire term of this Agreement, the Franchisee will pay the Franchisor a marketing fee ("**Marketing Fee**") equal to 1.5% of the Revenues generated by the Franchisee's MOD Pizza Restaurant in the preceding Week for deposit into the advertising and marketing fund ("**Marketing Fund**") which will be administered and controlled exclusively by the Franchisor. The Franchisor will have the right to increase the Marketing Fee to a maximum of 3% of Revenues on a system-wide basis by giving the Franchisee 90 days' prior written notice. The Franchisor may elect to collect the Marketing Fee on an Accounting Period or other basis upon 30 days' prior written notice to the Franchisee specifying the payment period, payment date, which election may be rescinded at any time upon 30 days' prior written notice to the Franchisee.

4.2. Use of Marketing Fees. The Franchisor will have the absolute and unilateral right to determine when, how and where the Marketing Fees and other payments deposited into the Marketing Fund will be spent. This includes, without limitation, the right of the Franchisor to purchase and pay for product and market research; customer research; real estate research; development of real estate computer models and software; demographic research; conventions; guest satisfaction programs and services; independent shopping service evaluations; production development and materials; ad

slicks; brochures; radio and television commercial production; services provided by advertising agencies; table tents, in-store advertising and menu boards; signs; public relations; telemarketing; print advertising; direct mail advertising; promotional programs; sponsorships, loyalty programs, and incentive programs; advertising market research; graphics and design costs; printing plates and cutting dies; creation, hosting, software development, upgrades, and maintenance for the MOD Pizza Website, mobile applications, and any additional websites deemed necessary by the Franchisor, including intranet websites; Internet, social media and other electronic promotions and advertising; miscellaneous advertising; the administration of the Marketing Fund whether by the Franchisor or a third party; the disposal of obsolete products and packaging; and other business products and services the Franchisor deems appropriate and in the best interests of all MOD Pizza Restaurants and the Restaurant System. All administrative and other costs associated with or incurred in the administration of the Marketing Fund including, but not limited to, marketing and administrative personnel salaries (excluding the salaries of the Executive Management of the Franchisor or a third party administrator selected by the Franchisor), fringe benefits and Travel Expenses, long-distance telephone charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Marketing Fees) and office supplies will be paid from the Marketing Fund. The Franchisor will not be required to spend the Marketing Fees deposited into the Marketing Fund in: (a) any particular geographic or market area, (b) the Franchisee's market area in proportion to the Marketing Fees paid by the Franchisee, or (c) the calendar year in which the payments were made. All interest accrued by the Marketing Fund will be the property of the Marketing Fund. A summary showing the income and expenditures of the Marketing Fund during each calendar year will be prepared by the Franchisor on or before March 31 for the preceding calendar year and copies of the summary will, upon written request, be provided to the Franchisee.

4.3. Management of Marketing Fund. The Marketing Fund will be managed by the Franchisor, and the Franchisor will have the right to, in its Reasonable Business Judgment (as defined in Article 28.12 below), do any of the following: (a) compensate the Franchisor and/or its Affiliates for salaries, administrative costs, overhead and other expenses incurred in Marketing Fund related programs/activities including, but not limited to, production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Marketing Fund consistent with the provisions of this Agreement; (b) charge the Marketing Fund for attorneys' fees and other costs related in any way to Claims against the Franchisor regarding the Marketing Fund; (c) spend in any fiscal or calendar year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from the Franchisor or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus; (d) loan money to the Marketing Fund for the purposes set forth herein; provided however, that all such loans by the Franchisor to the Marketing Fund will be evidenced by a promissory note and will bear interest at the rate that is equal to the prime rate of interest quoted by the Money and Investing section of the Wall Street Journal on the date of the loan, plus 300 basis points; (e) in accordance with Article 10.8 of this Agreement, collect for remission to the Marketing Fund any Payments (as defined in Article 10.8 below) made by any supplier based upon franchisee purchases; provided however, that any such contributions, whether or not made with respect to direct or indirect purchases by the Franchisee, will not count toward the Franchisee's required Marketing Fees; (f) revise marketing and other programs, and/or make expenditures from the Marketing Fund, to take account of cultural and other differences; (g) defer, waive and/or compromise Claims for current/future contributions to, and/or Claims against or with respect to, the Marketing Fund and pay the same from the Marketing Fund; (h) take legal or other action against any franchisee or developer in default of their obligations

to the Marketing Fund; (i) merge the Marketing Fund with any other advertising, production or marketing fund otherwise established for MOD Pizza Restaurants, so long as the restrictions of the relevant Franchise Agreement(s) continue to apply to contributions made by franchisees and developers under such arrangements; (j) maintain the Marketing Fund assets in one or more accounts designated as "**trust accounts**" for purposes of protecting such assets from Claims of third-party creditors (however, such action shall not be deemed to create any "**trust**," "**fiduciary relationship**" or similar special arrangement); (k) charge the Marketing Fund for attorneys' fees, consultant fees, and other fees related in any way to the Franchisor's management of the Marketing Fund; (l) make expenditures from the Marketing Fund for the purpose of attempting to generate additional Payments from any supplier or other third party based upon franchisee purchases; and (m) take such other actions in connection with the Marketing Fund as the Franchisor considers to be appropriate and as are consistent with the provisions of this Article.

## 5. OTHER MARKETING, ADVERTISING AND PROMOTION

5.1. Approved Marketing and Advertising. The Franchisee will not conduct any advertising, promotion, marketing and/or sponsorship programs for its Restaurant, without the written approval of the Franchisor. For purposes of this Article 5.1, the Franchisee's use of advertising, marketing and promotional materials provided to the Franchisee in the Franchise Support Guide or otherwise furnished by the Franchisor to the Franchisee will be deemed to have been approved by the Franchisor. The Franchisee will not permit any party to advertise its business, services or products on the premises of the Franchised Location without the Franchisor's authorization.

5.2. Local Marketing. The Franchisee will, in addition to payment of the Marketing Fee to the Franchisor, spend an amount equal to at least 2% of its Revenues during each Accounting Period for approved local marketing and advertising as specified in the Franchise Support Guide for its Restaurant ("**Local Marketing**"). The Franchisee will, in its Accounting Period Financial Statements, furnish the Franchisor with an accurate accounting of the Franchisee's expenditures for Local Marketing. If the Franchisee fails to meet the minimum Local Marketing requirement, the Franchisee will pay the Franchisor the difference between what it should have spent and what it actually spent, and such amount will be deposited in the Marketing Fund. The Franchisee must participate in certain fundraising campaigns designated by Franchisor which are described in the Franchise Support Guide or other correspondence from the Franchisor from time to time. These campaigns require the Franchisee to engage in various local store marketing activities and point of purchase materials, along with contributing a portion of sales proceeds to a local charity partner. These funds will be given directly by the Franchisee to the local charity that is selected by the Franchisee and approved by the Franchisor. All such contributions will be credited toward Franchisee's Local Marketing contribution.

5.3. Multiple Restaurants. If the Franchisee operates more than one MOD Pizza Restaurant in the same Franchisee's Designated Market Area ("**DMA**") pursuant to Franchise Agreements with the Franchisor, then the Franchisee will only be required to spend 1.5% of its aggregate Revenues from all of the MOD Pizza Restaurants owned and operated by the Franchisee in the same DMA for approved Local Marketing.

5.4. Local Marketing Association. When two or more franchised MOD Pizza Restaurants, including the Franchisee's Restaurant, are opened in the DMA (or such other market area designated by the Franchisor), the Franchisor will have the right to require, in its sole discretion, that

the Franchisee's Restaurant (and the other MOD Pizza Restaurants in the DMA) participate in a local DMA marketing group ("**Local Marketing Association**" or "**LMA**") which will conduct and administer media advertising, promotion, marketing and public relations ("**Production and Marketing**") for the benefit of the MOD Pizza Restaurants located in the DMA. At such time as the Franchisor requires that the Franchisee participate in a Local Marketing Association for the Restaurants in its DMA, the LMA will be subject to the following terms and conditions:

(a) The LMA will consist of all MOD Pizza Restaurants in the DMA, including the MOD Pizza Restaurants in the DMA owned by the Franchisor or an Affiliate of the Franchisor.

(b) Each MOD Pizza Restaurant in the DMA, including the MOD Pizza Restaurants owned by the Franchisor or an Affiliate will be a "**Member**" of the LMA. Each Member will have one vote for each franchised or company-owned Restaurant operated by it in the DMA on all matters to be voted upon at duly convened meetings.

(c) Each Member will be given five days written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LMA will be required to convene any meeting of the LMA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert's Rules of Order.

(d) The purpose of the LMA will be to conduct Production and Marketing for the benefit of all MOD Pizza Restaurants located in the DMA.

(e) The LMA will not conduct any Production and Marketing program or campaign for the MOD Pizza Restaurants in the DMA unless and until the Franchisor has given the LMA prior written approval for all concepts, materials or media proposed for any such Production and Marketing program or campaign.

(f) On or before Wednesday of each Week, or another day solely designated by the Franchisor, each Member of the LMA will contribute to the LMA at least an amount equal to 1.5% of the Weekly Revenues generated during the previous Week by the Member's MOD Pizza Restaurant ("**Local Marketing Fee**"). The Local Marketing Fee contributed by the Members will be used by the LMA for Production and Marketing programs and campaigns for the benefit of all MOD Pizza Restaurants in the DMA. The cost of all Production and Marketing in the DMA must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Production and Marketing approved by the Members exceeds the amount of funds available to the LMA, then the Local Marketing Fee payable by the Franchisee and all other Members to the LMA pursuant to this subsection (f) may be increased by vote of a majority of the Members present at a duly convened meeting. The Franchisee will contribute the amount of the Local Marketing Fee agreed to by the Members to the LMA in accordance with this provision. The LMA may elect to collect the Local Marketing Fee on an Accounting Period or other basis upon majority vote of all Members present at a duly convened meeting.

(g) The LMA will, within 20 days after the end of each calendar quarter, furnish to the Franchisor and its Members in the form prescribed by the Franchisor, a written summary of the Members' contributions to the LMA and an accurate accounting of the LMA's expenditures for approved Production and Marketing.

(h) The Local Marketing Fee paid by the Franchisee to the LMA will be applied to satisfy the Franchisee's Local Marketing requirement set forth in Article 5.2.

5.5. Grand Opening. During the period commencing 30 days prior to the opening of the Franchisee's Restaurant and ending 90 days after the date on which the Franchisee's Restaurant opens for business, the Franchisee will spend a minimum of $10,000 on grand opening marketing, advertising and promotions for the Franchisee's Restaurant previously approved by the Franchisor. The Franchisee will provide the Franchisor with an accurate accounting (in the form prescribed by the Franchisor) of its expenditures for grand opening marketing, advertising and promotion within 120 days after the opening of the Restaurant. All expenditures for grand opening marketing, advertising and promotion will be in addition to the Franchisee's other marketing, advertising and promotion obligations under this Agreement.

## 6. PAYMENT OF FEES

6.1. Interest on Unpaid Fees. If the Franchisee fails to timely remit any of the Fees due to the Franchisor, then the amount of the past-due payment will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% per annum. The Franchisee will also pay the Franchisor an administrative fee ("**Administrative Fee**") of $50 for each delinquent payment of any of the Fees within seven days after the delinquent payment was due. The Franchisee will, immediately upon receipt of an invoice from the Franchisor, reimburse the Franchisor for the actual costs incurred by the Franchisor in the collection of any past-due Fees from the Franchisee, including reasonable attorneys' fees and costs.

6.2. Electronic Funds Transfers. The Franchisee will, from time to time during the term of this Agreement, execute such documents as the Franchisor may request to provide the Franchisee's unconditional and irrevocable authority and direction to its bank or financial institution authorizing and directing the Franchisee's bank or financial institution to pay the Franchisor directly by electronic funds transfer ("**EFT**") the full amount of the Fees payable by the Franchisee under this Agreement, and to charge to the account of the Franchisee. The EFT withdrawal authorizations will be in the form prescribed by the Franchisor. EFT withdrawals will be initiated by the Franchisor on Wednesday of each Week for the Fees payable for the preceding Week (or such other day following the end of an Accounting Period or other payment period designated by the Franchisor pursuant to Article 3.2 and Article 4.1 for the Fees payable in such payment period), and upon the issuance of an invoice by the Franchisor for other amounts payable by the Franchisee. The Franchisee's EFT authorizations will permit the Franchisor to designate the amount to be withdrawn from the Franchisee's account, and to adjust such amount from time to time for the Fees. If the Franchisee fails at any time to provide the reports of its Weekly Revenues required under this Agreement, then the Franchisor will have the right, in its sole discretion, to estimate the amount of Fees payable by the Franchisee for that Week, and to withdraw the amount of the estimated Fees by EFT from the Franchisee's bank account in accordance with the provisions of this Article 6.2. The Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be withdrawn from the

Franchisee's account and paid directly to the Franchisor for all current Fees payable by the Franchisee. It will be a default under this Agreement if the Franchisee fails to maintain an account balance sufficient to pay the Fees or if the Franchisee closes the account designated to pay the Fees without first designating a new account and notifying the Franchisor of the new account information. The Franchisee will be responsible for all fees imposed by its bank or financial institution in connection with the Franchisee's EFT payment of the Fees.

6.3. Franchisee's Obligation to Pay. The Franchisee's obligation to pay the Franchisor the Fees pursuant to the terms of this Agreement are absolute and unconditional, and will remain in full force and effect for the entire term of this Agreement. The Franchisee will not have "**right of offset**," and as a consequence, the Franchisee will timely pay all Fees due to the Franchisor under this Agreement regardless of any Claims or allegations the Franchisee may allege against the Franchisor.

## 7. REPORTS AND FINANCIAL STATEMENTS

7.1. Reports. The Franchisee will maintain an accurate durable electronic or written record of the daily Revenues for the Franchisee's Restaurant and other information specified by the Franchisor, and will electronically submit Weekly reports for the Franchisee's Restaurant using the forms, formats and procedures set forth in the Franchise Support Guide. The Weekly reports will include the Franchisee's Weekly Revenues and such other information as may be required by the Franchisor in the Franchise Support Guide or otherwise in writing.

7.2. Financial Statements. The Franchisee will adopt the Accounting Year for financial reporting purposes specified by the Franchisor in the Franchise Support Guide or otherwise in writing. The Franchisee will, at its expense, prepare Financial Statements that will be delivered to the Franchisor within 10 days after the end of each Accounting Period and within 90 days after the end of the Franchisee's Accounting Year. All Financial Statements will be prepared in accordance with generally accepted accounting principles in the form or forms prescribed by the Franchisor and will conform to the Accounting Year and standard chart of accounts prescribed by the Franchisor in this Agreement or the Franchise Support Guide. The Financial Statements must be certified by an officer or Owner of the Franchisee as to their accuracy and completeness.

7.3. Income Tax Returns. Within 120 days after the Franchisee's Accounting Year end, the Franchisee will furnish the Franchisor with signed copies of all pages of its federal income tax returns pertaining to the Franchisee's Restaurant for the Accounting Year or any other period requested by the Franchisor. Subject to Article 11.6 below, the Franchisor will maintain the confidentiality of the information provided by the Franchisee pursuant to this provision.

7.4. Audit Rights. Within three business days after receiving written notice from the Franchisor, the Franchisee and the Franchisee's accountants will make all of their Financial Records available during business hours for the Franchisor or its designees to review, copy and audit. The Financial Records for each Accounting Year will be maintained by the Franchisee in a safe place for each of the last three Accounting Years. The audit will be conducted at the location where the Franchisee maintains the Financial Records and the Franchisor will be provided with adequate facilities by the Franchisee to conduct the audit. Subject to Article 11.6 below, the Franchisor will maintain the confidentiality of all Financial Records; however, if the Financial Records are relevant

to any issue in any mediation, court or other proceeding between the parties, then the Franchisor will have the right to disclose the Financial Records accordingly.

7.5. Payment of Audit Costs.

If an audit of the Franchisee's Financial Records reveals any deficiencies in the Fees payable to the Franchisor, then the Franchisee will, within five days after receipt of an invoice, pay to the Franchisor any deficiency owed, together with interest and administrative fees as provided for herein. In addition, if an audit establishes that the Franchisee's Revenues were understated by more than 2% in any Accounting Period or Accounting Year, then the Franchisee will, within 10 days after receipt of an invoice, pay the Franchisor for all costs and expenses incurred for the audit of the Franchisee's Financial Records (including employee Salaries and Benefits, Travel Expenses, and audit fees).

## 8. MOD OPERATOR

When the Franchisee signs this Agreement, the Franchisee will designate an individual as the "**MOD Operator**." If the Franchisee is an individual, then the MOD Operator will be the Franchisee. If the Franchisee is an Entity, the designated MOD Operator must have at least five years of multi-unit restaurant management experience including profit and loss responsibility, and must be experienced and certified, when appropriate, in all aspects of restaurant operations including hiring, scheduling, purchasing, training, portion control, food and service quality, food safety and handling practices, employee productivity, supervision, customer relations, restaurant marketing, compliance with federal, state and local laws, financial accounting, cost controls and operational criteria described in the Franchise Support Guide. As a member of the Management Staff, the MOD Operator must begin the Training Program at least 60 days prior to the Required Opening Date, and must successfully complete the Training Program and be certified in writing by the Franchisor no later than 20 days prior to the actual opening of the Franchisee's Restaurant. The MOD Operator will, during the entire period he or she serves as the MOD Operator, devote his or her full time and best efforts to the supervision, conduct and operations of the Franchisee's Restaurant. The MOD Operator will execute a personal guaranty of this Agreement in the form attached hereto as **Attachment A** ("**Personal Guaranty**"), and execute this Agreement as one of the Owners of the Franchisee if he or she is the Owner of at least 10% of the issued and outstanding Ownership Interests in the Franchisee. If during the term of this Agreement, the MOD Operator is not able or is not qualified to continue to serve in the capacity of MOD Operator, then the Franchisee will promptly notify the Franchisor in writing and will designate a duly qualified replacement MOD Operator within 30 days after the former MOD Operator ceases to serve in that capacity.

## 9. STANDARDS REQUIRED OF FRANCHISEE

9.1. Quality and Service Standards. The Franchisor has developed and will continue to develop uniform standards of quality, cleanliness, service, and safety applicable to all MOD Pizza Restaurants, including the Franchisee's Restaurant, to protect and maintain for the benefit of the Franchisor and all of its franchisees and developers the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Restaurant System. The Franchisee agrees to maintain the uniformity and quality standards required by the Franchisor for all Foods, Beverages and

Products, and the services associated with the Marks and the Restaurant System, and agrees to the terms and conditions contained in this Article to assure the public that all MOD Pizza Restaurants will be uniform in nature and will sell and dispense quality Foods, Beverages and Products.

9.2. Identification of Restaurant. The Franchisee will operate the Restaurant so that it is clearly identified and advertised as a MOD Pizza Restaurant. The style and form of "**MOD Pizza®**" and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of the Franchisor. The Franchisee will use the name "**MOD Pizza®**," the approved logos and all graphics commonly associated with the Restaurant System and the Marks on all materials in the manner prescribed by the Franchisor.

9.3. Compliance with Standards. The Franchisee will use the Marks and the Restaurant System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by the Franchisor.

9.4. Franchisee's Name. The Franchisee will not use any of the word "**MOD**," the Mark "**MOD Pizza®**" or any name that is confusingly similar to any of the words used in any of the other Marks in the name of any Entity formed by the Franchisee or any Affiliate of the Franchisee. The Franchisee will at all times hold itself out to the public as an independent contractor operating its Restaurant pursuant to a Franchise Agreement with the Franchisor. The Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that the Franchisee is operating its Restaurant as an independent contractor.

9.5. Interests of Franchisee. If the Franchisee is an entity, it will be dedicated solely to the operation of the MOD Pizza Restaurant and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of the Franchisor. If the Franchisee is an individual, he or she will not hold any interest in, operate, or manage any Competitive Business without the prior written approval of the Franchisor.

9.6. Default Notices and Significant Correspondence. The Franchisee will deliver to the Franchisor, immediately upon receipt by the Franchisee or delivery at the Franchised Location, an exact copy of all (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party, (b) notifications or other correspondence relating to any legal proceeding for any Claim in excess of $10,000 relating in any way to the Franchisee's Restaurant or to the Franchised Location, and (c) inspection reports or any other notices, warnings or citations from any Governmental Authority, including any health and safety, taxing and/or licensing authorities. The Franchisee will notify the Franchisor in writing within five days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting the Franchisee and/or the operation of the Restaurant. The Franchisee will provide the Franchisor with a written summary of all written (including electronic) consumer and employee complaints within 10 days after the end of each Accounting Period in such method and format as the Franchisor may designate from time to time. The Franchisee will provide all additional information requested by the Franchisor relating to any of these matters.

9.7. Damage or Destruction. If the Franchised Location is either partially or completely destroyed by fire or any catastrophe during the term of this Agreement and the term of the underlying Lease for the Franchised Location, then the Franchisee will (a) subject to the provisions of the Lease,

use the building insurance proceeds to repair or reconstruct the Franchised Location as set forth herein and, if such proceeds are insufficient to fully restore the Franchised Location (or relocate from the Franchised Location), the Franchisee shall be responsible for making up any such deficit, (b) within 30 days thereafter, initiate the process to commence the repairs and reconstruction necessary to restore the Restaurant to its original condition prior to such casualty, and (c) recommence the Restaurant's business operations as soon as commercially practicable. If the Restaurant cannot be restored to its original condition, then the Franchisee will relocate the Restaurant as provided for in Article 1.4 (except the Franchisee will not be required to pay a Relocation Fee). In any event, the term of this Agreement will be extended for the period from the date the Restaurant closed as a result of the casualty until the date it re-opens if the Franchisee elects to extend the term by the duration of such period. The Franchisee will relocate the Restaurant as provided in Article 1.4 or repair or reconstruct the premises of the Restaurant in conformance of the then-current standard décor specifications and will open the Restaurant or the relocated Restaurant for business within 18 months after the date of such casualty. Notwithstanding the foregoing, the Franchisee will pay the Franchisor a minimum Continuing Fee of $250 per Week during all Weeks that the Franchisee's MOD Pizza Restaurant is closed as a result of a casualty or any other reason.

9.8. Vending and Gaming Machines; Tickets. The Franchisee will not, except with the written permission of the Franchisor, permit any televisions, jukeboxes, electronic games, vending machines (including cigarette, gum and candy machines), ATM machines, newspaper racks, entertainment devices, coin- or token-operated machines, gambling devices, payphones, or other concessions to be used on the Restaurant premises at the Franchised Location and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs at the Franchised Location.

9.9. Compliance with Applicable Law. The Franchisee will be responsible for the operation of its Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee. The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Franchisee's employees, agents or independent contractors. The Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling of the Franchised Location and/or the operation of the Franchisee's Restaurant including, but not limited to: (a) health, food service and beer and wine licensing laws; (b) health and safety regulations and laws; (c) menu disclosure laws; (d) environmental laws; (e) employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws); (f) credit card and debit card laws applicable to consumers, including all privacy laws; and (g) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes, real estate taxes and federal, state and local income tax laws). The Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for the Franchisee's Restaurant, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, Executive Management, agents and independent contractors. The Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with the Restaurant. It is the Franchisee's sole responsibility to identify and obtain all authorizations necessary to operate the Restaurant.

9.10. Tax Laws. The Franchisee will be responsible for and will timely pay all federal, state and local taxes imposed by law in connection with the operation of the Restaurant, and will timely file all returns, notices and other forms required to comply with all applicable tax laws. The Franchisor will have no liability for any taxes which arise out of or result from the Franchisee's Restaurant, and the Franchisee will indemnify the Franchisor for any such taxes that may be assessed or levied against the Franchisor which arise out of or result from the operation of the Franchisee's Restaurant. If any "**franchise**" or other tax which is based upon the Revenues, receipts, sales, business activities or operation of the Franchisee's Restaurant is imposed upon the Franchisor by any taxing authority, then the Franchisee will reimburse the Franchisor for all such taxes paid by the Franchisor within 15 days after receiving an invoice from the Franchisor for such taxes.

9.11. Other Laws. The Franchisee will comply and/or assist the Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, the Franchisee will not enter into any prohibited transactions and will properly perform any currency reporting and other activities relating to the Restaurant business as may be required by the Franchisor or by law. The Franchisee confirms that it is not listed in the Annex to Executive Order 13224 (http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html), and agrees not to hire any person so listed or have any dealing with a person so listed. The Franchisee is solely responsible for ascertaining what actions must be taken by it to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in Article 25 of this Agreement pertain to its obligations hereunder.

9.12. Alcoholic Beverages. The Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations and requirements applicable to the sale of alcoholic beverages by the Franchisee at the Restaurant; and (b) the liquor liability insurance requirements set forth in this Agreement.

9.13. Restaurant Hours; Personnel. The Franchisee's Restaurant will be open during the hours specified in the Franchise Support Guide. During business hours, the Franchisee will have Management Staff on duty responsible for supervising the Restaurant's employees and operations. The Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the Restaurant. The Franchisee will require its employees to meet the appearance standards and to wear the prescribed attire or uniforms described in the Franchise Support Guide.

9.14. Inspection Rights. The Franchisee will permit the Franchisor or its representatives to enter, remain on, and inspect the Restaurant without prior notice. The Franchisee agrees that the Franchisor may: (a) interview the Franchisee's employees and customers; (b) take photographs and videotapes of the interior and exterior of the Franchised Location; (c) examine and remove samples of the Foods, Beverages and Products and other products sold or used at the Franchisee's Restaurant; and (d) evaluate the quality of the Foods, Beverages and Products, and the services provided by the Franchisee to its customers. The Franchisor will have the right to use all interviews, photographs and videotapes of the Franchisee's Restaurant for such purposes as the Franchisor deems appropriate, including use in advertising, marketing and promotional materials, without any approval of or any compensation to the Franchisee.

9.15. Security Interest in Franchise Agreement. This Agreement and the Franchise granted to the Franchisee hereunder may not be used by the Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors, any financial institution, or any other party, except with the prior written approval of the Franchisor.

9.16. Credit Cards; Security Breach. The Franchisee will honor all credit, charge, courtesy and cash cards approved by the Franchisor in writing. The Franchisee acknowledges it is responsible for the security of cardholder data, financial data, and personally identifiable information (collectively, "**Sensitive Information**") in its possession or in the possession or control of any service provider or third party-provided payment application provider that the Franchisee engages to perform under this Agreement. Upon request by the Franchisor, such subcontractors must be identified to the Franchisor in writing prior to sharing Sensitive Information with the subcontractor. To the extent the Franchisee stores, processes, transmits or otherwise accesses or possesses Sensitive Information, the Franchisee agrees it will adhere to, and cause any service provider or third party-provided payment applications to adhere to cardholder data security standards according to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**") throughout the term of this Agreement. At a minimum, the Franchisee shall, at its sole cost and expense, implement and maintain, and hereby represents and warrants that it has implemented and maintained, all appropriate technical, organizational and physical measures, but no less than PCI DSS, to ensure the security, reliability and confidentiality of the Sensitive Information submitted to it or otherwise obtained by the Franchisee, including protecting against any threats or hazards to the security or integrity of the Sensitive Information that the Franchisee should reasonably be able to anticipate, and against unauthorized access to or use of the Sensitive Information. Upon the Franchisor's request, the Franchisee shall allow, and shall require any subcontractor(s) to allow, the Franchisor (or the Franchisor's designees) to inspect the implementation of associated administrative, physical and technical security measures, as the case may be, to assess whether its security program complies with applicable information security requirements. The Franchisee shall encrypt all Sensitive Information that will be transmitted over networks or in storage, and all Sensitive Information at rest. These security measures shall be reviewed at least annually.

The Franchisee shall notify the Franchisor immediately, but in no event later than two (2) hours, of becoming aware of any actual or suspected Breach of Security (defined below). Such notice shall include the following: (i) date and time that the Franchisee discovered the Breach of Security and the date and time when the breach actually occurred, if discoverable; (ii) a detailed description of the Breach of Security; (iii) a list of the systems and data at risk, including a list of affected individuals; and (iv) a description of remediation actions taken after the Breach of Security was discovered, and what remediation actions the Franchisee proposes to take to prevent further loss, misuse, compromise or unauthorized access to Sensitive Information. Thereafter, the Franchisee shall provide to the Franchisor regular (but at least weekly) reports and updates describing the investigation into the Breach of Security and all corrective or remedial actions taken or to be taken by the Franchisee or its subcontractor, as the case may be, promptly provide any further information that the Franchisor may request in connection with Breach of Security, cooperate with the Franchisor with respect thereto, and comply with applicable laws and regulations. For purposes of this Agreement, "**Breach of Security**" shall mean unauthorized access to, acquisition of, or disclosure of, Sensitive Information submitted to, or otherwise obtained, held by, or in the custody or control of, the Franchisee or its subcontractors of any tier, agents or other representatives, or a reasonable belief by either the Franchisee or its

subcontractor of any tier, agent or representative that such unauthorized access, acquisition or disclosure has occurred.

The Franchisor may, in its sole discretion, take any and all actions necessary or reasonable to remedy a Breach of Security, including conducting an investigation into the cause of the Breach of Security and notifying affected persons or government agencies accordingly. The Franchisee shall cooperate and provide the Franchisor with all information reasonably necessary to (i) aid the Franchisor's compliance with all federal and state data breach notification laws and any other laws or regulations that may be applicable to a Breach of Security; and (ii) facilitate the Franchisor's determination of whether the breach was effectively mitigated. The Franchisee shall bear all costs and expenses incurred by the Franchisor related to the Breach of Security and compliance with law, including but not limited to any government fines or penalties imposed on the Franchisor as a result of the Breach of Security. Alternatively, the Franchisor may require that the Franchisee take action to remedy the Breach of Security at the Franchisee's expense.

9.17. Gift Cards; Guest Loyalty Programs. The Franchisee will not create or issue any gift certificates or gift cards and will only sell gift certificates or gift cards that have been issued by the Franchisor that are accepted at all MOD Pizza Restaurants. The Franchisee will participate in all gift certificate and/or gift card administration programs as may be designated by the Franchisor from time to time. The Franchisee will honor all coupons, gift certificates, gift cards and other programs or promotions as directed by the Franchisor, even if the Franchisee is not required by the Franchisor to actively offer or promote such programs or promotions within the Franchisee's Protected Area. The Franchisee will fully participate in all guest loyalty or frequent customer programs approved by the Franchisor, even if the Franchisee is not required by the Franchisor to actively promote such programs within the Franchisee's Protected Area. The Franchisee acknowledges that a guest loyalty program may include technology and system components or applications involving third-party vendors identified by the Franchisor, and the Franchisee agrees to timely execute and deliver such documents, contracts, or agreements as the Franchisor may reasonably require to facilitate such programs. The Franchisee will not issue coupons or discounts of any type for use at its Restaurant except as approved by the Franchisor in writing, which may be withheld in its sole and absolute discretion.

9.18. Music and Music Selection. The Franchisee will play only the music and music selections that have been approved by the Franchisor as set forth in the Franchise Support Guide or otherwise in writing. The Franchisee will install the equipment necessary to receive and play the approved music.

9.19. Security and Fire Monitoring Systems. The Franchisee will utilize a security and fire monitoring system sufficient to provide notification of life and safety hazards and unauthorized access to the Franchised Location.

9.20. Maintenance. The Franchisee will, at its expense, repair and maintain the Restaurant in a clean and sanitary condition consistent with the Franchisor's then-current operating standards and will replace all décor items and FF&E as they become worn-out, soiled or in disrepair. All food preparation, mechanical, service, and other equipment must be kept in good working order and repair by the Franchisee. All replacement FF&E and décor items used in the Restaurant must comply with the standards and specifications in the then-current Franchise Support Guide.

9.21. Remodeling of Restaurant Premises. The Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("**remodel**" or "**remodeling**") the Franchisee's Restaurant and to replace and modernize the FF&E so that the Franchisee's Restaurant will reflect the then-current image of a MOD Pizza Restaurant and conform to the Franchisor's then-current specifications. The Franchisee acknowledges and agrees that the requirements to remodel and modernize the MOD Pizza Restaurant as set forth in this provision are reasonable and necessary to maintain uniformity among all MOD Pizza Restaurants, to update the image of MOD Pizza Restaurants and to avoid the deterioration of the appearance and operation of the Franchisee's Restaurant. The Franchisee will complete remodeling the Restaurant within nine months after receiving written notice from the Franchisor specifying the required remodeling. Except for repairs and maintenance as provided for in Article 9.20 of this Agreement, the Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E, more than once every five years from the date of this Agreement; provided, however, the Franchisee acknowledges that there is no cap on the expenses the Franchisee will have to incur relating to such required remodeling, replacement or modernization.

9.22. Working Capital. The Franchisee will, at all times, maintain sufficient working capital to operate the MOD Pizza Restaurant and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill the Franchisee's obligations to maintain, remodel and modernize the premises and operations of the Restaurant as required by the provisions of this Agreement.

9.23. Required Opening Date. The Franchisee must open the Restaurant for business and commence operations on or before the Required Opening Date.

9.24. Other Business. The Franchisee will use the Franchised Location solely for the operation of a MOD Pizza Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location. The Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the Franchisee's Restaurant or at the Franchised Location.

9.25. Conventions. The MOD Operator, the Owners, and such other persons as may be required by the Franchisor, will attend the conventions, meetings, seminars and other gatherings or group sessions (collectively, "**Conventions**") held by the Franchisor. The topics covered, duration, date and location of all Conventions held by the Franchisor will be at the sole discretion of the Franchisor. The Franchisee will pay the registration fees, if any, established by the Franchisor for each person attending a Convention held by the Franchisor, and will also pay the Salaries and Benefits, the Travel Expenses and all other expenses incurred by the persons attending the Convention on the Franchisee's behalf.

9.26. Quality Assurance Programs. The Franchisee will participate, at its expense, in any quality assurance monitoring programs specified by the Franchisor, including telephonic or electronic customer polling or onsite "**secret shopper**" programs, and will share the results of such programs with the Franchisor.

9.27. Collection of Restaurant Customer Contact Information Prohibited. The Franchisee acknowledges that the Franchisee is prohibited from collecting the contact information of customers of the Restaurant including, but not limited to, such customers' e-mail addresses and telephone numbers.

9.28. Disclosure. The Franchisor will have the right to disclose in its Franchise Disclosure Document as required by law, and in other documents and places as determined by the Franchisor, any information relating to the Restaurant, including the Franchisee's name, any address and/or telephone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by the Franchisor will be for reasonable business purposes, and its rights under this provision will survive the Transfer, termination or expiration of this Agreement.

## 10. FOODS, BEVERAGES AND PRODUCTS

10.1. Limitations on Foods, Beverages and Products. The Franchisee will only sell the Foods, Beverages and Products specified in writing by the Franchisor or in the Franchise Support Guide, and will offer and sell all of the Foods, Beverages and Products specified by the Franchisor in writing or in the Franchise Support Guide. The Franchisee will maintain sufficient inventories to realize the full potential of the Restaurant and will conform to all customer service standards prescribed by the Franchisor in writing and in video training. The Franchisee will only sell the Foods, Beverages and Products on a retail basis and will not offer or sell the Foods, Beverages and Products: (a) on a wholesale basis; (b) on a retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing, provided that the Franchisee will have the right to accept and fill electronically-submitted orders for Foods, Beverages and Products provided at the Franchised Location; or (d) by any other method of distribution. The Franchisor does not represent that any of the Foods, Beverages and Products will be available to the Franchisee in any particular market area or that any pricing or payment terms extended by any supplier to the Franchisor or any of its Affiliates will be offered to the Franchisee. The Franchisee will comply with the Franchisor's requirements for the retail prices charged to consumers by the Franchisee for certain Foods, Beverages and Products as designated by the Franchisor from time to time.

10.2. Catering and Delivery. The Franchisee will not offer catering or delivery from the Franchised Location except as may be specified in the Franchise Support Guide or otherwise approved by the Franchisor in writing. The Franchisor will have the absolute right to withdraw its approval for the Franchisee to offer catering and delivery services on 30 days' prior written notice. All catering and delivery services must comply with the Franchisor's standards, policies and requirements set forth in the Franchise Support Guide or otherwise in writing by the Franchisor.

10.3. Approved Suppliers. The Franchisee will purchase certain Foods, Beverages and Products which will be used or sold by the Franchisee at its Restaurant only from Approved Suppliers. Certain of these Foods, Beverages, and Products include or comprise proprietary ingredients ("**Proprietary Ingredients**") necessary to produce food that satisfies the Franchisor's quality and consistency standards, including pizza dough, sauces, toppings, dressings, and other Foods, Beverage and Products designated by the Franchisor from time to time. The Franchisor reserves the absolute right to update or otherwise modify the list of Proprietary Ingredients from time to time upon written notice to the Franchisee. The Franchisor or an Affiliate may be an Approved Supplier for the foods, food items, products and services used or sold in the Franchisee's Restaurant. The Franchisee will

have the right to purchase such Foods, Beverages and Products from other suppliers so long as such suppliers conform to the Franchisor's standards and specifications and provided that the Franchisor determines that the supplier's business reputation, quality standards, delivery performance, credit rating, and other criteria meet commercial business standards. The Franchisor may deny or revoke the Franchisor's approval of any supplier at any time based upon the lack of any of the above items. If the Franchisee desires to purchase any Foods, Beverages and Products from other suppliers which are not Approved Suppliers, then the Franchisee must, at its expense, submit samples, specifications, and product information requested by the Franchisor, for review and testing to determine whether these Foods, Beverages and Products comply with the Franchisor's standards and specifications. The Franchisor will also have the right to inspect the facilities of the proposed supplier, and the Franchisee will reimburse the Franchisor for the costs and expenses incurred to conduct the inspection. The Franchisor will complete all product testing within 30 days, and will notify the Franchisee of its determination within 45 days after the Franchisor receives the samples and other requested information from the Franchisee. If the Franchisor does not notify the Franchisee of its determination with such 45 days, the Franchisor will be deemed to have rejected the Franchisee's request. The written approval of the Franchisor must be obtained before any previously unapproved Foods, Beverages and Products are purchased, sold or used by the Franchisee. The Franchisor reserves the right to revoke any written approval previously provided to the Franchisee. The Franchisor is not required to approve any particular proposed supply or supplier.

10.4. Designated Suppliers. The Franchisee will purchase the pizza dough, sauce, other Foods, Beverages and Products, Proprietary Ingredients, Restaurant design elements, furnishings and equipment as specified in the Franchise Support Guide or otherwise in writing by the Franchisor solely and exclusively from Designated Suppliers. The Franchisor or an Affiliate may be a Designated Supplier for the foods, food items, recipe ingredients, proprietary products, Proprietary Ingredients, other products and services used or sold in the Restaurant.

10.5. Brand Name Products. The Franchisee will purchase and use in the operations of its Restaurant all of the brand name Foods, Beverages and Products specified in the Franchise Support Guide or otherwise in writing by the Franchisor.

10.6. Branding of Foods, Beverages or Products. The Franchisee will not have the right to: (a) use or display the Marks on or in connection with any foods, beverages or products that have not been approved by the Franchisor; (b) acquire, develop or manufacture any food, beverage or product using the name "**MOD Pizza®**" or any of the Marks, or direct any other person or Entity to do so; (c) acquire, develop or manufacture any Foods, Beverages or Products that have been developed or manufactured by or for the Franchisor for use in conjunction with the operations of the Restaurant and which are sold under any of the Marks, or direct any other person or Entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any Foods, Beverages or Products created by or at the direction of the Franchisor and sold under any of the Marks.

10.7. Purchasing Cooperative. The Franchisor may require that the Franchisee join and make required purchases/leases through a purchasing cooperative or other Entity designated by the Franchisor. Such Entity may adopt its own by-laws, rules, regulations and procedures, subject to the Franchisor's prior approval. The Franchisee's failure to timely pay amounts due to, or comply with the by-laws, rules, regulations and procedures of such cooperative is a breach of this Agreement. The

Franchisor will have the right to offset against amounts the Franchisor owes to the Franchisee the amount of the Franchisee's unpaid cooperative obligations.

10.8. Payments by Suppliers. The Franchisee acknowledges that the Franchisor and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("**Payments**") based upon the actual purchases of the Foods, Beverages and Products by the Franchisee, the Franchisor, its Affiliates, other franchisees and developers from Designated Suppliers, Approved Suppliers, the Franchisor, and/or other suppliers, vendors and distributors ("**Suppliers**"). The Franchisee's right to receive Payments made to the Franchisor or an Affiliate of the Franchisor as a result of or based on the Franchisee's purchases from Suppliers will be subject to the policies or practices established by the Franchisor from time to time in its discretion or by agreement with a Supplier. All Payments received from a Supplier for a designated purpose (such as purchase of menu boards, purchase of specific equipment, participation at the national convention, etc.) will be deposited in the Marketing Fund and spent in accordance with the Supplier's designated purpose, or will be used to offset expenses incurred by the Marketing Fund relating to the Supplier's designated purpose. All Payments made by the Franchisee to the Franchisor or an Affiliate as a result of direct purchases by the Franchisee from the Franchisor or the Affiliate for Foods, Beverages or Products will be retained by the Franchisor or the Affiliate. The Franchisor will have the right to offset or deduct the amount of any Payments due to the Franchisee against any amounts owing by the Franchisee to the Franchisor or its Affiliates.

10.9. Suggested Retail Prices. The Franchisee will have the discretion to set pricing for the Foods, Beverages and Products provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the Franchisor for the System; or (2) is at or above any minimum price threshold programs established by the Franchisor for its System, unless otherwise prohibited by state law; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the Franchisor for the System.

## 11. FRANCHISE SUPPORT GUIDE; CONFIDENTIAL INFORMATION

11.1. Compliance with Franchise Support Guide. The Franchisee covenants and agrees that the Franchisee will at all times comply with the terms of the Franchise Support Guide. The Franchisor will provide Franchisee with access to the Franchise Support Guide electronically, including via CD-ROM or on a secure Internet webpage, or by another method reasonably adopted by the Franchisor. The Franchisee will conform to the common image and identity created by the Foods, Beverages and Products, music, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation, and services associated with MOD Pizza Restaurants which are portrayed and described by the Franchise Support Guide. The Franchisee will modify the operations of the Restaurant to implement all changes, additions and supplements made by the Franchisor to the Restaurant System which are reflected by the Franchise Support Guide as promptly as reasonably possible. The Franchisee will not use the Franchise Support Guide or any information contained therein for any purpose other than the operation of the Franchisee's Restaurant.

11.2. Revisions to Franchise Support Guide. The Franchise Support Guide will at all times remain the sole and exclusive property of the Franchisor. The Franchisor may, from time to

time, revise and update the Franchise Support Guide to address changes or improvements to the Restaurant System, and the Franchisee expressly agrees to operate its Restaurant in accordance with all such revisions and updates. The Franchisee will at all times keep its copy of the Franchise Support Guide current and up-to-date, and in the event of any dispute regarding the Franchise Support Guide, the terms of the master copy of the Franchise Support Guide maintained by the Franchisor will be controlling in all respects. The Franchisor will have the option of providing the revisions and updates to the Franchise Support Guide to the Franchisee electronically.

11.3. Confidential Information. The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing the Franchisee and its employees and agents with Confidential Information. The Franchisee, its existing and future Owners, and its employees and agents will not, during the term of this Agreement or thereafter, reveal, communicate, sell, use, employ, copy, reverse engineer, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information of the Franchisor, or any abstracts thereof, to any person or Entity except as expressly authorized by this Agreement or by the Franchisor in writing. The Franchisee will only disclose or provide the Franchisor's Confidential Information to its employees who must have access to it to properly execute their job functions and to operate the Franchisee's Restaurant. All Confidential Information is and will remain the sole and absolute property of the Franchisor and the Franchisee will have no rights or interests in any Confidential Information, except the right to use the Confidential Information in the operations of the Restaurant as provided in this Agreement. Any additions, changes, modifications and/or improvements made to any of the Franchisor's Confidential Information by the Franchisee or its employees and agents will be the sole and exclusive property of the Franchisor.

11.4. Confidentiality of Franchise Support Guide. The Franchisee will treat the Franchise Support Guide and any other manuals created for or approved for use in the operation of the Franchisee's Restaurant as Confidential Information. The Franchisee will use all reasonable means to keep the contents of the Franchise Support Guide secret and will only grant access to the Franchise Support Guide to those employees who must use the Franchise Support Guide in the performance of their employment duties in the Franchisee's Restaurant.

11.5. Confidentiality Agreements; Noncompetition Agreements. The Franchisee's Owners, Management Staff and all of the Franchisee's employees who have access to the Franchise Support Guide or any Confidential Information must execute a form of Nondisclosure and Noncompetition Agreement acceptable to Franchisor agreeing (i) to maintain the confidentiality, during the course of their employment and thereafter, of all Confidential Information of the Franchisor; and (ii) not to participate in the ownership, management, control, or operation of a Competitive Restaurant ("**Nondisclosure and Noncompetition Agreement**"); provided, however, employees of the Franchisee whom the Franchisee deems qualify as nonexempt under the Fair Labor Standards Act (FLSA) ("**Nonexempt Employees**") are not required to sign any such agreement. The Franchisee will be responsible for (i) insuring that each person required to execute a Nondisclosure and Noncompetition Agreement does so; (ii) enforcing such confidentiality and noncompetition agreements, and (iii) paying for the legal fees, costs, and expenses associated with such enforcement. The Franchisor has the right to regulate the form of Nondisclosure and Noncompetition Agreement to be executed and to be a third-party beneficiary of or a party to such agreement with independent enforcement rights. **Attachment I-1** sets forth the current form of Nondisclosure and Noncompetition

Agreement for a Franchisee Owner and **Attachment I-2** sets forth the current form of Nondisclosure and Noncompetition Agreement for Management Staff.

11.6. Disclosure by the Franchisor. Notwithstanding anything contained herein to the contrary, the Franchisee acknowledges and agrees that the Franchisor may disclose information related to or concerning this Franchise Agreement, the Leases, the Franchisee, Owner(s), the MOD Operator(s), and Financial Records of the foregoing parties, even if such information is marked or otherwise designated as "confidential", in Franchisor's commercially reasonable discretion, including but not limited to as follows:

(a) to attorneys, accountants, bankers, financial advisors, consultants, advisors, agents and related personnel in connection with: (i) a merger, acquisition, reorganization or consolidation; (ii) any private or public offering of the securities of Franchisor or any Affiliate; (iii) incurrence of any indebtedness by Franchisor or any Affiliate; (iv) a sale of all or substantially all of Franchisor or any Affiliate's assets or business; or (v) any other change of control or ownership of Franchisor or any Affiliate; or

(b) as required by applicable law or regulation (including that of an applicable stock exchange) or as legally required pursuant to an order of a court or agency with competent jurisdiction over the Franchisor.

11.7. Ownership of Business Records. The Franchisee acknowledges and agrees that the Franchisor shall at all times have unrestricted access to all business records ("**Business Records**") with respect to customers, and other service professionals of, and/or related to, the Restaurant including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by the Franchisee are the sole property of the Franchisor. The Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, the Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

## 12. SITE SELECTION; CONSTRUCTION; SIGNS

12.1. Site Selection; Purchase or Lease of Site. The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Restaurant. The Franchisee must retain a commercial real estate broker or salesperson who has at least five years of experience in locating restaurant sites to advise and counsel the Franchisee with regard to the price, economics, demographics, access, visibility, location, and the acquisition or lease of the site for the Franchisee's Restaurant. The Franchisor recommends that the Franchisee retain an experienced attorney to provide advice and counsel on the terms, conditions and economics of the legal and other documents required to lease or purchase the site for the Franchised Location. The Franchisee will provide the Franchisor with a copy of the proposed Lease for the site selected by the Franchisee at least four weeks before the date the Lease is to be signed. The Franchisor's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice or analysis. The Franchisee will be solely responsible for all terms of the Lease, including the enforceability, economics and legality of all

provisions in the Lease. The enforceability of the Lease must be conditioned upon the approval of the Franchisee by the Franchisor and the enforceability of this Agreement. The Franchisee will not sign the Lease until (a) this Agreement has been signed by both the Franchisee and the Franchisor and (b) the Lease contains the terms required under this Article and the terms set forth in the Form of Lease Addendum attached to this Agreement as **Attachment G**. The Franchisee will use its best efforts to negotiate and secure from the lessor of the Franchised Location the terms and conditions set forth herein and in the Form of Lease Addendum attached hereto. In addition, the terms of the Lease must also give the Franchisor the right to enter the premises of the Franchised Location to conduct inspections during regular business hours.

12.2. Site Information. The Franchisee will provide to the Franchisor the information specified by the Franchisor in writing for the proposed site ("**Site Information**"). The Franchisor will have the right to require that the Franchisee obtain, at the Franchisee's expense, an economic feasibility study for the proposed site for the Franchised Location. Any such feasibility study required by the Franchisor will be completed by an expert mutually agreed upon by the Franchisor and the Franchisee in writing. The Franchisor will visit the site proposed by the Franchisee and review the site submittal package. The Franchisee will not purchase or lease a proposed site until the Franchisee has provided the Site Information to the Franchisor, the Franchisor has reviewed the proposed site, and the Franchisor has provided the Franchisee with a no-objection letter for the proposed site. The Franchisee will provide executed copies of the Lease or purchase closing documents for the Franchised Location within 10 days after their execution. The review of any Site Information, any visits by the Franchisor to a proposed site, the review of the site, and/or the issuance of a no-objection letter by the Franchisor will not constitute an approval of the site by the Franchisor or a warranty or representation by the Franchisor or any other party that the site for the Franchised Location chosen by the Franchisee will be a financial or operational success. The issuance of a no-objection letter by the Franchisor will mean only that it has received the Site Information provided by the Franchisee and reviewed the site, and will not be deemed to be an approval of the site by the Franchisor.

12.3. Site Release. The Franchisor will have no duty or obligation to assist the Franchisee in the selection of a site for the Franchised Location, or to provide any assistance to the Franchisee in the purchase or lease of the Franchised Location. The Franchisor has informed the Franchisee that it does not have any experience or expertise in selecting real estate sites in the geographic area where the Franchisee's Restaurant will be located and therefore, the Franchisor will not have any obligation, duty or liability to the Franchisee as a result of the site selected by the Franchisee and/or the purchase or lease of the Franchised Location. The Franchisee hereby releases the Franchisor and its Affiliates and their respective Executive Management, agents and employees, in their corporate and individual capacities, from any and all Claims by the Franchisee arising from, in connection with, or as a result of the Franchisee's purchase or lease of the site selected by the Franchisee for the Franchised Location.

12.4. Standard Plans and Specifications. The Franchisor will, at its expense, provide the Franchisee with a set of the plans and specifications for an existing MOD Pizza Restaurant. The Franchisee acknowledges that unique aspects of each real estate site may require significant modifications to the standard plans. Consequently, the Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for the Franchisee's Restaurant. The Franchisee will be responsible for the accuracy of all drawings, plans and specifications for its Restaurant, subject to the Franchisor's review and approval.

12.5. Compliance with Specifications and Standards. The Franchised Location and the Franchisee's Restaurant will conform to all standards, specifications and other requirements ("**Design Standards**") established by the Franchisor for the design, decoration, layout, FF&E and other items of the Restaurant. Any changes or modifications to the Design Standards must be submitted to the Franchisor for its prior approval. Compliance with the Design Standards does not release the Franchisee from its obligation to ensure that the Restaurant is designed and constructed in compliance with all federal, state, and local laws including, without limitation, the Americans with Disabilities Act. The Franchisee will purchase and install the FF&E specified in the Franchise Support Guide or otherwise in writing by the Franchisor for the Franchisee's Restaurant in compliance with the Design Standards.

12.6. Construction Costs. The Franchisee will retain a licensed and bonded contractor with experience in restaurant construction for the construction or renovation of the Franchisee's Restaurant. The Franchisee will be solely responsible for all costs and expenses incurred for the construction or renovation of the Franchisee's Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the plans and specifications necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

12.7. Inspection. The Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by the Franchisor. The Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building, occupancy, and other permits required by law in connection with the construction or renovation of the Franchisee's Restaurant at the Franchised Location. The Franchisor will have no responsibility to the Franchisee or any other party if the Restaurant is not constructed or renovated by the Franchisee or its architect or contractor: (a) according to the specifications established by the Franchisor; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. The Franchisee will not open the Restaurant for business without the prior written approval of the Franchisor.

12.8. Approved Signs. All exterior and interior signs at the Franchised Location ("**Signs**") must comply with the standard sign plans and specifications established by the Franchisor and provided to the Franchisee and must be purchased from an Approved Supplier. The Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to the Franchisor for written approval. The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Signs during the term of this Agreement. The Franchisee will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. The Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. The Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by the Franchisor in writing. The Franchisor

will have the right to redesign the specifications for the Signs without the approval or consent of the Franchisee. Within 90 days after receipt of written notice from the Franchisor, the Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the new specifications. The Franchisee will not be required to modify or replace the Signs more than once every five years from the date of this Agreement.

12.9. Ownership of Franchised Location. If the Franchisee, any of the Owners, or an Entity owned by the Franchisee and/or any of the Owners, owns, leases or otherwise controls the Franchised Location, including the land, building and related real estate, or if the Franchisee, any of the Franchisee's Owners, or an Entity owned by the Franchisee and/or any of the Owners owns 50.1% or more of an Entity that owns, leases or otherwise controls the Franchised Location, then the Franchisee will, as the lessee, enter into a Lease for the Franchised Location for a term coextensive with the term of this Agreement containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length transaction for similarly situated real estate. The Lease will be deemed to be a Major Asset of the Franchisee. This provision will not apply if the Franchisee owns the Franchised Location, and the Franchised Location is reflected as an asset on the Franchisee's Financial Statements, in which event, the Franchised Location will be deemed a Major Asset of the Franchisee.

## 13. EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

13.1. Communications Equipment; Telephone Lines. The Franchisee will, at its sole expense, obtain and maintain the dedicated telephone lines, high speed Internet connections, and other communication and transmission equipment and systems for the Franchisee's Restaurant as are specified in the Franchise Support Guide or otherwise in writing. The Franchisee will install and maintain telephone answering systems and other telephonic devices at the Restaurant, and will operate all communication and transmission systems and devices as specified by the Franchisor in the Franchise Support Guide or otherwise in writing.

13.2. Computer Hardware and Software; Point-of-Sale System. The Franchisee will, at its sole expense, lease, license or purchase the computer hardware, computer software, peripheral devices and point-of-sale, cash register, credit card processing, online ordering, loyalty scanner, EMV or other systems related to credit card processing, and operating systems ("**Computers and Software**") that meet the standards, specifications and requirements established by the Franchisor as set forth in the Franchise Support Guide or otherwise in writing. The Franchisee's Computers and Software will be configured to provide the Franchisor with direct electronic access to the Franchisee's Computers and Software, and databases to upload the data, financial information and other information the Franchisee is required to provide to the Franchisor pursuant to this Agreement or the Franchise Support Guide, including Weekly Revenues, and by category, direct labor costs and food costs. The Franchisee will, upon written notice from the Franchisor, modify, enhance, update and upgrade the Computers and Software (including timely executing and delivering any documents, contracts, or agreements as Franchisor may reasonably require), at its sole expense, to the standards, specifications and requirements specified in the Franchise Support Guide or otherwise in writing by the Franchisor, provided that the Franchisee will not be required to make any such modifications, enhancements, updates or upgrades during the first two years of the Initial Term of this Agreement.

13.3. Internet Provider; E-Mail Address. The Franchisee will, at the Franchisee's expense, have access to the Internet and will maintain an e-mail address. The Franchisee's e-mail address will be provided to the Franchisor and will be used for the Franchisee and the Franchisor to communicate and to transmit documents and other information. The Franchisee will not use the words "**MOD Pizza**" as any part of its e-mail address, e-mail alias, or its domain name (Uniform Resource Locator) for any website maintained by the Franchisee on the Internet. The Franchisee will not transmit any Confidential Information, Sensitive Information, documents or data without complying with the security measures set forth in Article 9.16 or as otherwise may be adopted by the Franchisor. The Franchisor reserves the right to require encrypted transmissions of Confidential Information and/or Sensitive Information. The Franchisee will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through any Intranet network or by any other means.

13.4. MOD Pizza Website; Mobile Application. The Franchisor will establish and maintain a website and, in the Franchisor's sole discretion, a mobile application (collectively, "**MOD Pizza Website**") to advertise and promote the MOD Pizza Restaurants, including the Franchisee's MOD Pizza Restaurant. All features of the MOD Pizza Website, including the domain name, mobile application name, content, features, format, procedures and links to other websites or applications, will be determined by the Franchisor in its sole discretion. The Franchisor will have the right to modify, enhance, suspend or temporarily or permanently discontinue the MOD Pizza Website at any time, in its sole discretion. The Franchisee will not have the right to establish a website, mobile application, or blog or any other social presence on the Internet to advertise or promote its Restaurant. The Franchisor and its Affiliates will have the sole right to promote on the Internet or via a mobile application the Foods, Beverages and Products offered by the Franchisee's Restaurant, to create a website and/or mobile application containing "**MOD Pizza®**" name and the Marks, and to use "**MODPizza.com**" or any derivative or related domain name. The Franchisor reserves the right to charge the Marketing Fund for the costs associated with the maintenance or enhancement of the MOD Pizza Website. The Franchisee's Restaurant will be removed from the MOD Pizza Website immediately upon the termination or expiration of this Agreement. The Franchisee will execute the Website Use Agreement attached as **Attachment C** to this Agreement.

13.5. Online Ordering System. The Franchisor reserves the right to establish and/or facilitate a branded digital ordering and payment software platform ("**Online Ordering System**") for the purpose of enhancing customer service throughout the Restaurant System. The Franchisee hereby agrees to participate in such Online Ordering System at the Restaurant. Accordingly, the Franchisee agrees to comply with all requirements established by the Franchisor in connection with the Online Ordering System as set forth in the Franchise Support Guide. The Franchisee acknowledges and agrees that the Franchisor reserves the right to establish such an Online Ordering System, and has no obligation to do so. The Franchisee further acknowledges and agrees that the Franchisor also reserves the right to modify or discontinue any such Online Ordering System once it has been established.

13.6. Social Networking. The Franchisee and its Executive Management, Management Staff, employees and agents will not have the right to use any of the Marks or other intellectual property of the Franchisor on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "**blog**," YouTube, Facebook, MySpace, Wikipedia, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media

or tools ("**Social Media**"), except with the prior written permission of the Franchisor. The Franchisee and its Executive Management, Management Staff, employees and agents will comply with all of the Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Restaurant. Franchisee acknowledges and agrees that all social media sites (e.g., Facebook, Instagram, Twitter, etc.) will be created and managed by Franchisor. Franchisee further acknowledges and agrees that Franchisee and its executive management team, management team, employees and agents do not have the right to create Internet pages or engage in any other social media communications at the local level.

## 14. TRAINING; OPENING ASSISTANCE

14.1. Initial Training. To educate, familiarize and acquaint the Franchisee and its Management Staff with the Restaurant System and the operations of a MOD Pizza Restaurant, the Franchisor will provide the then-current initial training program as set forth in the Franchise Support Guide ("**Training Program**"). The Franchisee and the Management Staff must begin the Training Program at least 60 days prior to the Required Opening Date, and must successfully complete the Training Program and be certified in writing by the Franchisor no later than 20 days prior to the actual opening of the Franchisee's Restaurant. Any member of the Management Staff who does not successfully complete the required Training Program to the Franchisor's satisfaction will not be permitted to participate in the operations of the Franchisee's Restaurant.

14.2. Changes in Personnel After Initial Opening. All new members of the Franchisee's Management Staff hired after the initial opening of the Restaurant must attend the training program as prescribed by the Franchisor in the Franchise Support Guide. If any member of the Management Staff fails to successfully complete the required training program within 60 days after the date of such employee's hiring, then the Franchisee will not permit that employee to continue to participate in the operation of the Franchisee's Restaurant.

14.3. Required Training of New Personnel. The initial training program for new members of the Management Staff hired after the opening of the Restaurant will be conducted as set forth in the Franchise Support Guide. The Franchisee will be required to pay the Per Diem Training Fee charged by the Franchisor for each new Management Staff members trained by the Franchisor after the opening of the Restaurant, plus any applicable Travel Expenses incurred by the Franchisor or a delegate of the Franchisor.

14.4. Additional Training. In accordance with the Franchise Support Guide, the Franchisee, the Franchisee's Management Staff and other employees of the Franchisee may be required by the Franchisor to attend, at the Franchisee's expense, additional training if the Franchisee's Restaurant fails to meet certain performance standards established by the Franchisor or the Franchisor otherwise determines, in its sole discretion, that additional training is necessary or required. Whether the additional training is required by the Franchisor or requested by the Franchisee, the Franchisee will pay the Per Diem Training Fee for each member of the Management Staff trained, and will reimburse the Franchisor for all applicable Travel Expenses incurred by the Franchisor or a delegate of the Franchisor.

14.5. Payment of Salaries and Expenses. The Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees of the Franchisee who attend any MOD Pizza training program on behalf of the Franchisee.

14.6. Opening Assistance. In accordance with the Franchise Support Guide, Franchisor will provide opening assistance to assist the Franchisee with implementing the Restaurant System at the Franchisee's MOD Pizza Restaurant. The Franchisee will pay the Franchisor the Per Diem Training Fee and reimburse the Franchisor for all applicable Travel Expenses incurred by the Franchisor or a designee of the Franchisor. The Franchisee will schedule the grand opening of its MOD Pizza Restaurant on the date specified in writing by the Franchisor. Franchisee must comply with all standards and specifications relating to the grand opening of its MOD Pizza Restaurant as set forth in the Franchise Support Guide.

14.7. Release and Indemnification. The Franchisee and its Owners hereby waive any right to sue for Damages or other relief, and release all known and unknown Claims they may allegedly have against the Franchisor and/or any of its Affiliates and their employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "**Training**" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. The Franchisee and the Owners agree to hold the Franchisor, its Affiliates and their employees, agents, officers and directors harmless for any Claims or Damages incurred by the Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. The Franchisee, the Owners and all persons who attend and participate in the Training on behalf of the Franchisee will sign the documentation required by the Franchisor or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training.

## 15. INSURANCE

15.1. Insurance Policies. The Franchisee must, at its expense, procure and maintain in full force and effect insurance policies, in such amounts and on such terms, as prescribed by the Franchisor in the Franchise Support Guide, by an insurance company which is acceptable to and approved by the Franchisor at all times during the term of this Agreement, licensed in the state where coverage is provided, and carries an A.M. Best rating of at least A-VII. The Franchisee must obtain such policies before opening the MOD Pizza Restaurant, and such policies must include, but will not be limited to, the following types of coverage insurance coverage:

(a) general liability;

(b) liquor liability;

(c) automobile liability;

(d) business personal property;

(e) business interruption;

(f) building (including tenant improvement and betterment);

(g) data and cyber security;

(h) employment practices liability; and

(i) umbrella liability insurance coverage.

Such policies must provide coverage against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Franchise Support Guide and adjusted by the Franchisor periodically in the Franchisor's sole discretion. Insurance policies must insure the Franchisee, the Franchisor, and their respective Affiliates, officers, stockholders, directors, and all other parties designated by the Franchisor, as additional named insureds against any liability that may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the MOD Pizza Restaurant.

The policies must also stipulate that the Franchisor will receive a 30-day prior written notice of cancellation, non-renewal, or elimination, and must contain endorsements by the insurance companies waiving all rights of subrogation against the Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to the Franchisor, including original endorsements affecting the coverage required by this Article, must be furnished to the Franchisor by the Franchisee, together with proof of payment, prior to the opening of the MOD Pizza Restaurant. The Franchisee shall also furnish the Franchisor with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by the Franchisor. The Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in the Franchisor's sole discretion. Upon the Franchisor's request, the Franchisee is also required to collect loss history statements ("**Loss Runs**") from its insurance carrier(s) and remit the Loss Runs to the Franchisor upon the Franchisee's annual renewal of insurance. In the event the Franchisee fails to obtain the required insurance and to keep the same in full force and effect, the Franchisor may, but will not be obligated to, purchase insurance on the Franchisee's behalf from an insurance carrier of the Franchisor's choice, and the Franchisee shall reimburse the Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate the Franchisor for the time and effort expended to secure such insurance, within five days of the date the Franchisor delivers an invoice detailing such costs and expenses to the Franchisee. Notwithstanding the foregoing, failure of the Franchisee to obtain insurance constitutes a material breach of this Agreement entitling the Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in this Agreement. The Franchisee must also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance. Nothing in this Agreement will prevent the Franchisee from purchasing insurance with coverage amounts in excess of the coverage amounts required by the Franchisor.

15.2. Vendor Insurance. The Franchisee agrees to require each supplier and independent contractor with whom it contracts ("**supplier**") to procure and maintain in full force and effect, at the sole cost and expense of such suppliers, insurance policies, in such amounts and on such terms, as prescribed by the Franchisor in the Franchise Support Guide, insuring the supplier and the Franchisee, the Franchisor, and their respective Executive Management, agents, and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, arising from or as a result of any negligence or other wrongdoing by the supplier or its employees in providing services or products to the Franchisee, the Franchisee's Restaurant or to any customer or invitee of the Restaurant.

15.3. Defense of Claims. All liability insurance policies procured and maintained by the Franchisee in connection with the Franchisee's Restaurant, including the Franchisee's employment practices liability policy, will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee, the Franchisor, and their respective Executive Management, agents and employees.

## 16. LICENSING OF MARKS AND RESTAURANT SYSTEM

16.1. Right to License Marks. The Franchisor warrants that, except as otherwise provided for herein, it has the right to grant the Franchise and to license the Marks and the Restaurant System to the Franchisee. Any and all improvements made by the Franchisee to the Marks or the Restaurant System will be the sole and absolute property of the Franchisor, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. The Franchisee's right to use and identify with the Marks and the Restaurant System will exist concurrently with the term of this Agreement and such use by the Franchisee will inure exclusively to the benefit of the Franchisor.

16.2. Conditions to License of Marks. The Franchisor hereby grants to the Franchisee the nonexclusive personal right to use the Marks and the Restaurant System in accordance with the provisions of this Agreement. The Franchisee's nonexclusive personal right to use "**MOD Pizza®**" as the name of the Franchisee's Restaurant and its right to use the Marks and the Restaurant System applies only to the Franchisee's Restaurant at the Franchised Location and such rights will exist only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "**Nonexclusive**," for the purposes of this Article, will mean that the Franchisor has or will grant franchises to other developers, franchisees, Entities or persons authorizing them to own and operate MOD Pizza Restaurants in conformity with the Restaurant System using the name "**MOD Pizza®**" and the other Marks, and that the Franchisor and Affiliates have operated and may continue to own and operate MOD Pizza Restaurants.

16.3. Franchisee's Authorized Use. The Franchisee will only use the Marks designated by the Franchisor and only in the manner authorized and permitted by the Franchisor. The Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of the Franchisor under this Agreement and under the Lanham Act (15 U.S.C. §1051, et seq.). The Franchisee will not have or acquire any rights in any of the Marks or the Restaurant System other than the right of use as provided herein. The Franchisee will have the right to use the Marks and the Restaurant System only in the manner prescribed, directed and approved by the Franchisor in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by the Franchisor for sale by the

Franchisee. If in the judgment of the Franchisor, the acts of the Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the Restaurant System, then the Franchisee will, upon written notice from the Franchisor, immediately modify its use of the Marks or the Restaurant System in the manner prescribed by the Franchisor in writing.

16.4. Improvements. If the Franchisee or the Owners develop any new or revised concept, product, recipe, trademark, service mark, branding concept, process or improvement in or related to the operation or promotion of the MOD Pizza Restaurant or the Restaurant System ("**Improvements**"), then the Franchisee will promptly provide the Franchisor with a detailed summary of the Improvements. The Franchisee and the Owners acknowledge and agree that: (a) all Improvements made by the Franchisee and the Owners are the property of the Franchisor; (b) the Franchisee will execute and deliver any documents or instruments required by the Franchisor to memorialize or evidence the Franchisor's ownership of the Improvements; (c) the Franchisor will have the right to incorporate any or all of the Improvements into the Restaurant System and/or the Marks; and (d) the Franchisor will have the right to use and authorize its Affiliates, franchisees and developers to use any or all Improvements in the operations of any or all MOD Pizza Restaurants, operated, licensed or franchised by the Franchisor or its Affiliates without any compensation to the Franchisee.

16.5. Adverse Claims to Marks. If there are any Claims by any party that its rights to any or all of the Marks are superior to those of the Franchisor and if the attorneys for the Franchisor are of the opinion that such Claims by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of the Franchisor, then upon receiving written notice from the Franchisor, the Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by the Franchisor. If so specified, the Franchisee will immediately cease using the Marks specified by the Franchisor, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by the Franchisor in writing at the Franchised Location, and in connection with all advertising, marketing and promotion of the Franchisee's Restaurant. The Franchisee will not make any changes or amendments whatsoever to the Marks or the Restaurant System without the written approval of the Franchisor.

16.6. Defense or Enforcement of Rights to Marks. The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use or for any other Claims or allegation. The Franchisee will give the Franchisor immediate written notice of any and all Claims or complaints made against or associated with the Marks and the Restaurant System and will, without compensation for its time and at its expense, cooperate in all respects with the Franchisor in any lawsuits or other proceedings involving the Marks and the Restaurant System. The Franchisor will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by the Franchisor, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by the Franchisor.

16.7. Tender of Defense. If the Franchisee is named as a defendant or party in any action involving the Marks or the Restaurant System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the Restaurant System, then the Franchisee

will have the right to tender the defense of the action to the Franchisor, and the Franchisor will, at its expense, defend the Franchisee in the action provided that the Franchisee has tendered defense of the action to the Franchisor within seven (7) days after receiving service of the pleadings or the summons and complaint relating to the action. The Franchisor will indemnify and hold the Franchisee harmless from any Damages assessed against the Franchisee in any actions resulting solely from the Franchisee's use of the Marks or the Restaurant System at the Franchised Location if the Franchisee has timely tendered defense of the action to the Franchisor.

16.8. Franchisee's Right to Participate in Litigation. The Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the Restaurant System, and may do so with respect to matters involving only the Franchisee (i.e., not involving the Franchisor or its interests); however, the Franchisor and its attorneys will control and conduct all litigation involving the Marks or the Restaurant System and the rights of the Franchisor. Except as expressly provided for herein, the Franchisor will have no liability for any costs that the Franchisee may incur in any litigation involving the Marks or the Restaurant System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, if the Franchisee has not timely tendered the defense to the Franchisor in accordance with Article 16.7.

## 17. OTHER OBLIGATIONS OF FRANCHISOR

17.1. Other Obligations. Consistent with the Franchisor uniformity requirements and quality standards, the Franchisor will: (a) provide the Franchisee with a written schedule of all Foods, Beverages and Products sold or used by all MOD Pizza Restaurants, and the FF&E and supplies required for the operation of the Franchisee's Restaurant; (b) provide the Franchisee with a list of the Approved Suppliers and Designated Suppliers for the Foods, Beverages and Products and the FF&E for the Franchisee's Restaurant; (c) make available to the Franchisee basic restaurant-level sales and cost accounting and business procedures for use by the Franchisee in its Restaurant; (d) periodically make general local marketing recommendations to the Franchisee; (e) visit and review the Franchisee's Restaurant as often as the Franchisor deems necessary and render written reports to the Franchisee as deemed appropriate by the Franchisor; (f) use commercially reasonable efforts to protect, police and, when appropriate, enforce the Marks for the benefit of all MOD Pizza franchisees and developers in the manner deemed appropriate by the Franchisor; (g) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos or commercial symbols for use in connection with the Restaurant System as deemed appropriate by the Franchisor; (h) upon the reasonable written request of the Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of the Franchisee's Restaurant; (i) provide the Franchisee with a sample of the standard MOD Pizza menu, and all modifications and updates to the menu; and (j) provide the Franchisee with a written or electronic copy of the Franchise Support Guide, together with all written or electronic copies of the supplements and updates published by the Franchisor from time to time.

17.2. Consulting Assistance. If the Franchisee requests that the Franchisor provide a consultant to train, assist or advise the Franchisee on management and operations issues at the Franchised Location, then the Franchisee will reimburse the Franchisor for the Travel Expenses incurred by the consultant and will pay the Franchisor the Per Diem Training Fee for each day the consultant provides training, assistance or advice to the Franchisee.

## 18. TRANSFER

18.1. Transfer by Franchisor. The Franchisor has the right to Transfer all or any part of its rights or obligations under this Agreement to any person or Entity, including to any competitor of the Franchisor. The Franchisor will provide the Franchisee with written notice after any such Transfer has been completed, and the assignee will be required to fully perform all obligations of the Franchisor under this Agreement.

18.2. Transfer of Agreement Due to Death or Permanent Disability. If the Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of the Franchisee, this Agreement may be Transferred to any designated person or beneficiary ("**Beneficiary**") without the payment of any Transfer Fee and without complying with Article 21 (Option of the Franchisor to Purchase). However, the Transfer of this Agreement to the Franchisee's Beneficiary will be subject to the applicable provisions of Article 18.4(b) - (i) and will not be valid or effective until the Franchisor has received the properly executed legal documents that its attorneys deem necessary to document the Transfer of this Agreement to the Beneficiary. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and must successfully complete the Training Program. There will be no charge to the Beneficiary for attending the Training Program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary must be paid by the Beneficiary.

18.3. Transfer of Agreement to Entity Owned by Original Signatories. This Agreement may be Transferred by the Franchisee to an Entity without the payment of a Transfer Fee and without complying with Article 21 (Option of the Franchisor to Purchase) if the Franchisee is an individual or a general partnership, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement and such Transfer will not result in a change in control of the Franchise, so long as the Franchisee provides the Franchisor with prior written notice of such Transfer and the Franchisee is not in default of any of its obligations under this Agreement.

18.4. Conditions to Transfer by Franchisee. Subject to the provisions of Article 21 (Option of the Franchisor to Purchase), the Franchisee will not Transfer any interest in or any part of this Agreement, the Franchise or the Restaurant to any person or Entity ("**Transferee**") without the prior written approval of the Franchisor. The Franchisor will not withhold its written consent to the Transfer by the Franchisee if the Transfer does not violate any of the terms of this Agreement, if the Franchisor does not exercise its rights under Article 21 of this Agreement, and if the Franchisee and/or the Transferee are in full compliance with the following terms and conditions:

(a) the Franchisee has provided written notice to the Franchisor of the proposed Transfer of this Agreement at least 45 days prior to the closing of the transaction;

(b) all of the Franchisee's monetary obligations due to the Franchisor have been paid in full, and the Franchisee is not otherwise in default under this Agreement;

(c) the Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement;

(d) the Franchisee has executed a release, in a form satisfactory to the Franchisor, of any and all Claims against the Franchisor and its Executive Management,

Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, the operation of the Restaurant or the Franchisee's purchase of the Franchise including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that the Franchisor and the Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them for other MOD Pizza Restaurants operated by the Franchisee;

(e) the Transferee has demonstrated to the satisfaction of the Franchisor that he, she or it meets the then-current managerial, financial and business standards required by the Franchisor for new franchisees or developers, possesses a good business reputation and credit rating, as solely determined by the Franchisor, and that its management possesses the aptitude and ability to operate the Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), as solely determined by the Franchisor;

(f) the Transferee and all of the Transferee's Owners execute the Franchisor's then-current form of Franchise Agreement, if required by the Franchisor;

(g) the Transferee's Owner(s) and/or MOD Operator execute a Personal Guaranty, if required by the Franchisor;

(h) the Transferee and all of the Transferee's Owners execute the agreements required by the Franchisor or its legal counsel to document the Transfer of this Agreement to the Transferee;

(i) the Transferee has purchased or leased the Franchised Location for a term consistent with the remaining term of this Agreement or, if applicable, the term of the then-current standard Franchise Agreement;

(j) the Transferee has purchased or otherwise acquired a valid beer and wine license and a valid food service license for the Restaurant at the Franchised Location; and

(k) the Transferee and its Management Staff have successfully completed the Training Program required under this Agreement to the satisfaction of the Franchisor.

18.5. Transfer of Ownership Interest in the Franchisee. No Owner will have the right to Transfer an Ownership Interest in the Franchisee without the prior written approval of the Franchisor. The Franchisor will not withhold its written consent if the Transfer of the Ownership Interest complies in all respects with the terms of this Agreement, and if the Franchisor does not exercise its right of first refusal to acquire the Owner's Ownership Interest in the Franchisee pursuant to Article 21.8. A Transfer by an Owner of the Franchisee to (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of the Franchisee, will not be subject to the provisions of Articles 18.6 and 21.8, provided that: (i) the Transfer has been approved in writing by the Franchisor, and (ii) the Franchisee's Owner has complied with all of the provisions of this Agreement applicable to an Owner, as solely determined by the Franchisor.

18.6. Transfer Fee. If this Agreement is Transferred to another person or Entity, or if any of the Owners Transfer any Ownership Interest in the Franchisee to a third party, then except as provided for in Articles 18.2 and 18.5, the Franchisee will pay the Franchisor a fee equal to 30% of the Franchisor's then-current initial franchise fee for a single franchise ("**Transfer Fee**"). The Franchisee will pay 60% of the Transfer Fee amount with the Franchisee's request for approval of the Transfer, and will pay the balance upon closing on the Transfer transaction. The Transfer Fee is to cover the costs incurred by the Franchisor in connection with the Transfer. The Franchisor also reserves the right to charge the Transferee the Per-Diem Training Fee to cover the costs of providing the Training Program to the Transferee and its Management Staff. The Transferee will also be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all personnel attending the Training Program on behalf of the Transferee.

18.7. Prohibition on Transfer to Competitor by the Franchisee and Owners. The Franchisee and the Owners will not Transfer this Agreement or their Ownership Interests in the Franchisee, the Restaurant or the Franchise to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant. If the Franchisor refuses to permit a Transfer of this Agreement under this provision, then the only remedy of the Franchisee and the Owners will be to have a mediator or arbitrator determine whether the proposed transferee owns or operates a Competitive Restaurant. The Franchisee acknowledges and agrees that the Franchisee will be solely responsible for all costs and fees charged by such mediator or arbitrator.

18.8. Acknowledgment of Restrictions; Transfer Documentation. The Franchisee and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Franchisee and all other franchisees and developers who have been granted the right to operate MOD Pizza Restaurants. Any Transfer permitted by this Article will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing. Any attempted Transfer made without complying with the requirements of this Article will be void.

## 19. TERMINATION RIGHTS OF FRANCHISOR

19.1. Immediate Termination. The Franchisee will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from the Franchisor and without an opportunity to cure the default unless precluded by applicable law or otherwise as stated herein, if any of the following events occur:

(a) the Franchisee, the MOD Operator or any of its Executive Management or Owners are convicted of, or plead guilty to a charge of violating any law relating to the Franchisee's Restaurant;

(b) the Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee and the Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(c) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(d) the Franchisee voluntarily or otherwise Abandons the Restaurant;

(e) the Franchisee fails or refuses to provide the Financial Records and other materials requested by the Franchisor to substantiate the Franchisee's Financial Statements or to produce and permit the Franchisor to audit the Franchisee's Financial Records;

(f) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and the Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from the Franchisor;

(g) the Franchisee breaches any provision, term or condition of this Agreement (i) three or more times during any 12-month period, or (ii) six or more times during the term of this Agreement, without regard to whether the breaches were of a similar or different nature or whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breaches;

(h) the Franchisee fails or refuses to open its Restaurant and commence business operations by the Required Opening Date;

(i) the Franchisee or the Franchisee's Owners commit any fraud or misrepresentation in the operation of the Restaurant;

(j) the Franchisee fails or refuses to maintain any insurance policy required by the Franchisor, or otherwise fails or refuses to adhere to the requirements of Article 15;

(k) the Franchisee has failed or refused to comply with any mandatory specification, standard, or operating procedure prescribed by the Franchisor relating to the cleanliness or sanitation of the Restaurant, and the Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from the Franchisor; or

(l) the Franchisee has violated any health, safety, or sanitation law, ordinance, or regulation that the Franchisor reasonably believes may pose harm to the public or to the reputation of the Franchisee, the Franchisor, or the System, and the Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from the Franchisor.

If this Agreement is terminated by the Franchisor pursuant to this Article 19.1, then the Franchisor will give the Franchisee written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee. If notice of termination is given to the Franchisee by the Franchisor pursuant to Article 19.1(f), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if the Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

19.2. Termination after Failure to Cure. The Franchisee will be deemed to be in default under this Agreement and the Franchisor has the right to terminate this Agreement and all rights granted under this Agreement if within thirty (30) days, or within any shorter period expressly set forth in the following clauses as to such default or any longer cure period required by applicable law, after the Franchisor sends the Franchisee written notification setting out the nature of the default ("**Notice of Default**"), the Franchisee does not correct the default to Franchisor's satisfaction for any of the following events (for the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "**corrected**" if both the Franchisor and the Franchisee agree in writing that the alleged breach has been corrected):

(a) within 120 days after the date of this Agreement, the Franchisor determines that any required or other financial, personal or other information provided by the Franchisee to the Franchisor is materially false, misleading, incomplete or inaccurate;

(b) the Franchisee has not purchased or leased a site for the Franchised Location within 120 days after the date of this Agreement;

(c) the Franchisee has not obtained all licenses, permits, and certifications required for the occupancy, opening, operating, and service of food for its Restaurant from the appropriate Governmental Authorities at least 10 days before the Required Opening Date, in which case the Franchisee will have a cure period of five (5) days after the Franchisor sends the Franchisee the Notice of Default;

(d) the Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate Governmental Authorities at least 10 days before the Required Opening Date, in which case the Franchisee will have a cure period of five (5) days after the Franchisor sends the Franchisee the Notice of Default;

(e) the Franchisee or any member of the Management Staff has not completed the Training Program required under this Agreement at least 20 days prior to the Required Opening Date, in which case the Franchisee will have a cure period of 15 days after the Franchisor sends the Franchisee the Notice of Default;

(f) the Franchisee materially violates any federal, state or municipal law, rule, code or regulation applicable to the Franchisee's Restaurant operations, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any guest of the Franchisee's Restaurant;

(g) the Franchisee breaches any material provision, term or condition of this Agreement or the Franchise Support Guide;

(h) the Franchisee fails to timely pay any Fees, rents or any other monetary obligations due and payable to the Franchisor or an Affiliate of the Franchisor pursuant to this Agreement or any other agreement, in which case the Franchisee will have a cure period of five (5) days after receipt of the Notice of Default to correct the breach by making full payment to the Franchisor or the relevant Affiliate of the Franchisor, as the case may

be, together with interest on the past-due obligations at the rate of 18% per annum and the applicable administrative fees;

(i) the Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing to the Local Marketing Association, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government;

(j) any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts;

(k) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons or the Franchisee is evicted from the Franchised Location;

(l) any license, permit, or certification required for occupancy, operating, or food service and, if applicable, beer and wine service at the Franchisee's Restaurant is canceled for any reason;

(m) the Franchisee fails to designate a duly qualified replacement MOD Operator within 30 days after the former MOD Operator ceases to serve in that capacity; or

(n) the Franchisee, an Affiliate of the Franchisee, or an Owner of the Franchisee breaches any other agreement between such person or Entity and the Franchisor or an Affiliate of the Franchisor.

19.3. Right to Discontinue Supplying Items Upon Default. If the Franchisor delivers a Notice of Default to the Franchisee, the Franchisor will have the right to (a) require that the Franchisee pay C.O.D. (i.e., cash on delivery) or by certified check for goods/services, and/or (b) stop selling and/or providing any goods/services to the Franchisee until it has cured all defaults, and/or (c) require Designated Suppliers to stop selling and/or providing any goods/services to the Franchisee until it has cured all defaults. No such action by the Franchisor will be a constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and the Franchisee agrees that it will not be relieved of any obligations under this Agreement because of any such action.

19.4. Other Remedies. Nothing in this Article will preclude the Franchisor from seeking other remedies or Damages under any state or federal law, common law, or under this Agreement against the Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then the Franchisor will be entitled to seek recovery of all Damages that the Franchisor has sustained and will sustain in the future as a result of the Franchisee's breach of this Agreement.

19.5. No Equity Upon Termination. The Franchisee's rights regarding the Franchise for the Restaurant will be controlled by the provisions of this Agreement. The Franchisee will have no equity or any other continuing interest in the Franchise, any goodwill associated with the Restaurant

or the Marks, or any right to compensation or refunds upon the expiration and/or termination of this Agreement.

19.6. Continuing Obligations. If this Agreement is terminated by the Franchisee or because of a default by the Franchisee, the Franchisee will not be released or discharged from its obligations, including payment of all Fees then due and other amounts which would have become due under this Agreement if the Franchisee had continued the operation of the Restaurant for the full term of this Agreement. The Franchisor's remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of its bargain with the Franchisee, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to the Franchisor or any Affiliates of the Franchisor. The Franchisee acknowledges and agrees that it would be commercially unreasonable and damaging to the integrity of the Restaurant System if a franchisee or developer could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of a franchise agreement. The Franchisee will sign a general release in favor of the Franchisor if the Franchisor chooses to waive its rights to collect any amounts that would have become due if the Franchisee had continued in business for the term of this Agreement.

19.7. Franchisor's Right to Acquire the Restaurant. In addition to all of the other rights granted to Franchisor in this Article 19 upon termination of this Agreement, if Franchisee has opened the Restaurant pursuant to an Area Development Agreement between Franchisee or its Affiliate and Franchisor, then Franchisor has the right to acquire all right, title and interest in the assets of the Restaurant, including all real property owned by Franchisee or its affiliates from which the Restaurant is operated, from Franchisee. Franchisor must notify Franchisee of its intention to acquire the Restaurant at the time Franchisor sends the final notice of termination and must comply with all other provisions related to the acquisition set forth in the Franchise Support Guide. In addition, the parties agree that the purchase price for the Restaurant will be calculated in accordance with the terms and procedures set forth in the Franchise Support Guide.

## 20. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

20.1. Termination of Use of Marks; Other Obligations. If this Agreement is canceled or terminated for any reason or this Agreement expires, then the Franchisee will: (a) within five (5) days after termination, pay all Fees to the Franchisor; (b) immediately return to the Franchisor the Franchise Support Guide, menus, advertising materials and all other printed materials pertaining to the Restaurant by first class prepaid United States mail; and (c) comply with all other applicable provisions of this Agreement. Upon termination or expiration of this Agreement for any reason, the Franchisee's right to use "**MOD Pizza®**," the other Marks and the Restaurant System will terminate immediately in all respects, and the Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that the Franchisee is continuing to operate as a MOD Pizza franchisee. Without limiting the generality of the foregoing, the Franchisee will immediately cease all marketing or advertising which includes any of the Marks, will delete all content containing the Marks or any references to the Franchisor or the Franchisee's Restaurant from any website and social media pages maintained by the Franchisee, and will cease using any and all items or materials which bear or include any of the Marks.

20.2. Alteration of Franchised Location. If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for the Franchisee's Restaurant, then within 30 days after the date of the expiration or termination of this Agreement or the date on which the Franchised Location is no longer used for the Franchisee's Restaurant (whichever is applicable), the Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a MOD Pizza Restaurant. At a minimum, such changes and modifications to the Franchised Location will include, but not be limited to: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with entirely different colors, including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures and other decor items associated with MOD Pizza Restaurants and replacing them with other decor items not of the general type and appearance customarily used in MOD Pizza Restaurants; (c) removing all exterior and interior MOD Pizza signs; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in MOD Pizza Restaurants.

20.3. Telephone Listings. Upon termination or expiration of this Agreement, or if the Franchisor acquires the Franchisee's Restaurant pursuant to this Agreement, the Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and any classified or other directory listings for the Restaurant and to authorize the telephone company and all listing agencies to transfer to the Franchisor or its assignee all telephone numbers and directory listings of the Franchisee's Restaurant. The Franchisee acknowledges and agrees that the Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and the Franchisee hereby authorizes the Franchisor to direct the telephone company and all listing agencies to transfer the Franchisee's telephone numbers and directory listings to the Franchisor or to an assignee of the Franchisor if this Agreement expires or is terminated or if the Franchisor acquires the Franchisee's Restaurant. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of the Franchisor to such telephone numbers and directory listings and this Agreement will constitute the authority from the Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to the Franchisor. This Agreement will constitute a release of the telephone company and listing agencies by the Franchisee from any and all Claims and Damages that the Franchisee may at any time have the right to allege against them in connection with this Article. The Franchisee will execute the Telephone Listing Agreement attached as an exhibit to this Agreement and such other documents as the Franchisor may require for completing the transfer of the telephone numbers as contemplated herein.

20.4. Continuation of Obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## 21. OPTION OF FRANCHISOR TO PURCHASE

21.1. Terms of Option. The Franchisee will not Transfer or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to the Franchisor in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment

terms ("**Franchisee's Offer**"). The Franchisor will have 30 days after receipt of the Franchisee's Offer to give the Franchisee written notice of the Franchisor's desire to either waive its option to purchase ("**Waiver Notice**") or its intention to exercise its rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee's Offer ("**Notice of Intent to Purchase**").

21.2. Due Diligence Review. If the Franchisor provides the Franchisee with a Notice of Intent to Purchase within 30 days after receipt of the Franchisee's Offer, then the Franchisor will have 90 days after the date the Notice of Intent to Purchase is received by the Franchisee ("**Notice Date**") to conduct a "**due diligence**" review. The Franchisee will promptly provide the Franchisor with all Financial Records and other information requested by the Franchisor or its representatives to conduct its due diligence review. The Franchisor will have the absolute and unconditional right to terminate the Notice of Intent to Purchase and any obligation to purchase the Major Assets from the Franchisee for any reason and at any time during the 90-day due diligence review period by giving the Franchisee written notice.

21.3. Good Faith Negotiations. Unless the Franchisor terminates its Notice of Intent to Purchase as provided in Article 21.2, then the Franchisee and the Franchisor will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in the Franchisee's Offer) and the closing date for the sale of the Major Assets to the Franchisor will take place within 120 days after the Notice Date.

21.4. Sale to Purchaser. The Franchisee will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Franchisee's Offer to the Franchisor if: (a) the Franchisor delivers a Waiver Notice to the Franchisee, (b) the Franchisor fails to deliver either a Waiver Notice or the Notice of Intent to Purchase to the Franchisee within 30 days after receiving the Franchisee's Offer, (c) the Franchisor terminates its Notice of Intent to Purchase during the due diligence period pursuant to the provisions of Article 21.2, or (d) the Franchisee and the Franchisor fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by the Franchisor from the Franchisee (other than those objective terms and conditions contained in the Franchisee's Offer) on or before the 120th day after the Notice Date.

21.5. Negotiated Changes with Purchaser. If the Franchisor does not purchase the Major Assets from the Franchisee under the terms and conditions contained in the Franchisee's Offer, then if during any negotiations with the purchaser the Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by the Franchisee during negotiations that were not acceptable to the Franchisor, then the Franchisee will be required to re-offer to sell the Major Assets to the Franchisor under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article, and the Franchisee's failure to do so will be a material breach of this Agreement.

21.6. Financing Exception. This Article will not apply to the Transfer of any of the Major Assets (with the exception of this Agreement) by the Franchisee to a bank, financial institution or other lender in connection with the Franchisee's financing of (a) the real estate or leasehold improvements

for the Franchised Location, (b) the FF&E for the Franchisee's Restaurant, (c) inventory or supplies for the Restaurant, or (d) working capital required by the Restaurant.

21.7. Compliance with Agreement. The Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all Fees and to operate the business as a MOD Pizza Restaurant, will in no way be affected or changed because of non-acceptance by the Franchisor of the Franchisee's Offer and, as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by the Franchisor not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant the Franchisee the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if the Franchisor does not exercise the option to purchase granted to it pursuant to this Article and if the Franchisee sells or otherwise disposes of its Major Assets to a third party, then both the Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of Article 18 of this Agreement. Any Transfer of the Major Assets of the Franchisee's Restaurant that does not include a Transfer of this Agreement to the transferee will constitute a wrongful termination of this Agreement by the Franchisee.

21.8. Transfer of Ownership Interest. The Ownership Interests owned by the Franchisee or by the Owners of the Franchisee may not be Transferred by the Franchisee or the Owners until the Ownership Interests have first been offered to the Franchisor in writing. If the Franchisee or the Owners desire to Transfer their Ownership Interests, then they will first offer the Ownership Interests in the Franchisee to the Franchisor in writing under the same terms and conditions as those being offered to any party. The Franchisor will have 30 days to accept any offer to purchase the Owner's Ownership Interest in the Franchisee. The Owner will be required to comply with the provisions of Article 18.4 if the Franchisor does not exercise its right to purchase the Owner's Ownership Interest.

21.9. Acknowledgment of Restrictions. The Franchisee and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and are necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Franchisee and all other franchisees and developers who operate MOD Pizza Restaurants. Any Transfer permitted by this Agreement will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing.

21.10. Right of Franchisor to Purchase Major Assets. If this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason whatsoever, if the Franchisee wrongfully terminates this Agreement by failing to comply with Article 18 or if the Franchisee at any time ceases to do business as a MOD Pizza Restaurant, then the Franchisor will have the right, but not the obligation, to purchase from the Franchisee any or all of the Major Assets. Within two business days after this Agreement expires or is terminated by either party, is wrongfully terminated by the Franchisee, or the Franchisee ceases to do business as a MOD Pizza Restaurant, the Franchisee must give the Franchisor written notice of the Franchisee's asking price for each of the Major Assets. If the Franchisee fails to give the Franchisor written notice of the asking price for the Major Assets and/or if the Franchisor and the Franchisee cannot agree on the price of the Major Assets, then either party will have the right to demand that the price of the Major Assets be determined by arbitration conducted in Bellevue, Washington in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com). The arbitration hearing

will be held as soon as possible, but in no event later than seven (7) days after the date arbitration is demanded by either party. The Arbitrator will not consider any value for goodwill associated with the name "**MOD Pizza®**" in determining the fair market value of the Major Assets since the right of purchase granted to the Franchisor pursuant to this provision applies only after this Agreement has expired or been terminated or the Franchisee has ceased doing business. The Arbitrator may not include the value of the Lease for the Franchised Location if the Franchisor gives the Arbitrator written notice that it intends to exercise its right to assume the Lease under Article 26 of this Agreement. If the Arbitrator is unable to determine the fair market value of any of the Major Assets, then they will be valued at book value as determined by generally accepted accounting principles (cost less depreciation). The Franchisor will have the right, but not the obligation, to purchase any or all of the Major Assets from the Franchisee for cash within 20 days after the fair market value of the Major Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit the Franchisor from enforcing the post-term obligations and conditions of this Agreement, including the covenants not to compete contained in Article 23.

21.11. Bankruptcy Issues. If the Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in the Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of the Franchisee's obligations and/or rights hereunder, any material assets of the Franchisee, or any indirect or direct interest in the Franchisee will be subject to all of the provisions of this Article.

## 22. REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRANCHISEE

22.1. Organization. If the Franchisee is a corporation, limited liability company, partnership or other entity, then the Franchisee and the Owners represent, warrant and covenant that:

(a) The Franchisee is duly organized and validly existing under the law of the state or territory where formed;

(b) The Franchisee is duly qualified and is authorized to do business in the jurisdiction where the MOD Pizza Restaurant is located and in each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required;

(c) The Franchisee's articles of incorporation, certificate of formation, by-laws, operating agreement, member control agreement, partnership agreement or other organizational documents ("**Organizational Documents**") will at all times provide that the Franchisee's business activities will be confined exclusively to the ownership and operation of the MOD Pizza Restaurant, unless otherwise consented to in writing by the Franchisor;

(d) The execution of this Agreement and the consummation of the transactions contemplated by this Agreement are within the powers granted to the Franchisee by the Organizational Documents and have been duly authorized and approved by the Franchisee or by the board of directors, board of governors, managing members, managing partner, or other governing body of the Franchisee;

(e) Copies of all Organizational Documents and any other documents, agreements or resolutions in the Franchisee's possession will be provided to the Franchisor upon written request;

(f) The names of the Owners of the Franchisee and their Ownership Interests in the Franchisee are accurately stated and completely described in the Franchisee Ownership Statement attached to this Agreement;

(g) The Franchisee will at all times maintain a current schedule of the Owners of the Franchisee and their Ownership Interests, and the Franchisee will immediately provide the Franchisor with a copy of the updated Ownership schedule whenever there is any change of Ownership. The Ownership schedule will contain the name, address, telephone number and e-mail address of each Owner of the Franchisee and will state the percentage of Ownership that each Owner has in the Franchisee;

(h) If any person or entity ceases to be one of the Franchisee's Owners, or if any individual or entity becomes an Owner of the Franchisee, then the Franchisee will notify the Franchisor in writing and within five days the Franchisee will require the new Owner to execute all documents then required by the Franchisor;

(i) The Franchisee's Organizational Documents and any documents representing Ownership in the Franchisee will provide that no Ownership Interest in the Franchisee may be assigned or transferred to any person or entity unless it is in strict compliance with the terms, conditions and restrictions contained in this Agreement;

(j) The Franchisee has no material liabilities, adverse claims, commitments or obligations of any nature as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to the Franchisor in writing or set forth in the financial statements of the Franchisee that have been provided to the Franchisor;

(k) Each of the Franchisee's Owners who owns at least 10% of the issued and outstanding Ownership Interests in the Franchisee will execute the Personal Guaranty attached hereto;

(l) The Franchisee will, at all times, maintain sufficient working capital to operate the MOD Pizza Restaurant and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill the Franchisee's obligations to maintain, remodel and modernize the MOD Pizza Restaurant premises as required under this Agreement; and

(m) The representations, warranties and covenants contained in this Article are continuing obligations of the Franchisee and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Agreement.

22.2. Compliance with Agreement. The Franchisee and the Owners represent, warrant and covenant that they will comply with all requirements and will perform all obligations in accordance with the terms and conditions of this Agreement.

## 23. FRANCHISEE'S COVENANTS NOT TO COMPETE

23.1. Consideration. The Franchisee and the Owners acknowledge that the Franchisee, the MOD Operator, its Executive Management and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the MOD Pizza Restaurant. In consideration for this information, the Franchisee and the Owners will comply in all respects with the provisions of this Article. The Franchisor has advised the Franchisee that this is a material provision of this Agreement and that the Franchisor will not sell a Franchise to any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant; however, the Franchisor may, under certain circumstances, exclude from the coverage of Articles 23.2 and 23.3 existing operational restaurant(s) operated by the Franchisee on the date of this Agreement, and the Franchisee may, with the written consent of the Franchisor, continue to own and operate such restaurants during the term of this Agreement and thereafter. The Franchisee warrants and represents that it does not, except as disclosed to and approved by the Franchisor pursuant to this Article 23.1, own, operate or have any involvement with or interest in any Competitive Restaurant.

23.2. In-Term Covenant Not to Compete. The Franchisee and the Owners covenant that they will not, during the term of this Agreement, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, Affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of the Franchisor.

23.3. Post-Term Covenant Not to Compete. Except as provided to the contrary in Article 23.1, for a period of 24 months after the termination, non-renewal, or expiration of this Agreement, the Franchisee and the Owners covenant they will not, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, Affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant which is located within 10 miles of the Franchised Location, within 10 miles of any other MOD Pizza Restaurant, or within any protected area or territory granted by the Franchisor pursuant to an area development agreement or other territorial agreement. The Franchisee and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its other franchisees and developers if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to give the Franchisor the opportunity to resell and/or develop a new MOD Pizza Restaurant at or in the area near the Franchised Location.

23.4. Ownership of Public Companies. The restrictions set forth in Articles 23.2 and 23.3 will not apply to the ownership of up to 3% of the shares of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Restaurant business, provided that such company has a class of securities that is listed and publicly traded on a national securities exchange and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and such shares are owned for investment only, and are not owned by an officer, director, employee or consultant of such publicly-traded company.

23.5. Injunctive Relief. The Franchisee and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its franchisees and developers including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of the Franchisor and its franchisees and developers, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of the Restaurant System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting the Franchisor's intellectual property rights. The Franchisee and the Owners also agree that Damages alone cannot adequately compensate the Franchisor if there is a breach of this Article 23 by the Franchisee or the Owners, and that injunctive relief against the Franchisee is essential for the protection of the Franchisor and its franchisees and developers. The Franchisee and the Owners agree therefore, that if the Franchisor alleges that the Franchisee or the Owners have breached this Article 23, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee and the Owners, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Franchisee or the Franchisee's Owners, then the Franchisee or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

## 24. INDEPENDENT CONTRACTORS

24.1. Independent Contractors. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute the Franchisee as a subsidiary, joint venturer, partner, agent or employee of the Franchisor for any purpose whatsoever. It is understood and agreed that the Franchisee is an independent contractor and is in no way authorized to make any warranty or representation on behalf of the Franchisor other than those contained in any disclosure document prepared by the Franchisor for use by the Franchisee, nor is the Franchisee authorized to create any obligation or enter into any contract binding on the Franchisor.

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

## 25. INDEMNIFICATION

25.1. Indemnification. The Franchisor and its Affiliates and their respective employees, Executive Management, shareholders, members, Owners, directors, officers, attorneys, accountants and agents (individually and collectively, the "**Indemnified Parties**") will not be obligated to any person or Entity for any Damages arising out of, from, in connection with, relating to, or as a result of the Franchisee's negligence, the Franchisee's wrongdoing or the operation of the Franchisee's Restaurant. Except as provided for in Article 16.7, the Franchisee will indemnify and hold harmless the Indemnified Parties against, and will reimburse the Indemnified Parties for, all Damages that the Indemnified Parties incur in the defense of or as a result of any Claim brought against the Indemnified Parties arising from, in connection with, arising out of, relating to, or as a result of the Franchisee's negligence, the Franchisee's wrongdoing or the operation of the Franchisee's Restaurant. The Franchisee will indemnify the Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, relating to, or as a result of any and all Claims including, but not limited to:

(a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its Executive Management, employees, agents or representatives;

(b) any failure on the part of the Franchisee to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority;

(c) any failure of the Franchisee to pay any of its obligations to any person or Entity;

(d) any failure of the Franchisee to comply with any requirement or condition of this Agreement, the Franchise Support Guide, or any other agreement with the Franchisor and/or the Indemnified Parties;

(e) any misfeasance or malfeasance by the Franchisee or its Executive Management, employees, agents or representatives;

(f) any tort committed by the Franchisee or its Executive Management, employees, agents or representatives;

(g) any determination by a court or agency that the Franchisor is the employer or a joint employer of any of Franchisee's employees;

(h) any claim, action, suit, or proceeding by the Franchisee's employees, including but not limited to workers' compensation, unemployment, and wage-and-hour claims;

(i) Breaches of Security, regardless of whether an Indemnified Party is required to take any action under any state or federal law;

(j) violation of any data privacy laws;

(k) failure to comply with the PCI DSS and/or other information security standards required by the Franchisor; and

(l) any other Claims brought against any of the Indemnified Parties.

The Franchisee will not be obligated to indemnify the Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any gross negligence or intentional misconduct by the Indemnified Parties. Any of the Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of the Franchisee's MOD Pizza Restaurant.

25.2. Payment of Costs and Expenses. The Franchisee will pay all reasonable attorneys' fees, costs and expenses incurred by the Indemnified Parties to defend any action brought by a third party against any of the Indemnified Parties as set forth in Article 25.1. These indemnification provisions under this Article and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## 26. LEASE AS SECURITY; TERMINATION OF LEASE

26.1. Franchisee's Assignment of the Lease. The Franchisee hereby assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to the Franchisor as security for the Franchisee's performance of the terms and conditions of this Agreement. If an Event of Default occurs, then the Franchisor will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted for by the Franchisee. The Franchisee authorizes the Franchisor to file a UCC-1 Financing Statement and agrees to execute such other documents as may be reasonably required by the Franchisor's attorneys to perfect and record the Franchisor's security interest in the Lease. An "**Event of Default**," for the purposes of this Article, will occur if:

(a) this Agreement is terminated by either the Franchisor or the Franchisee for any reason whatsoever;

(b) the Franchisee wrongfully terminates this Agreement by failing to comply with Article 19 of this Agreement or otherwise;

(c) the Franchisee at any time ceases to do business at the Franchised Location as a MOD Pizza Restaurant;

(d) this Agreement expires and the Franchisee is not granted the right to enter into a Successor Franchise Agreement as provided for in Article 2.2;

(e) the Lease for the Franchised Location is terminated by either the Landlord or the Franchisee for any reason whatever; or

(f) this Agreement expires and the Franchisee fails to renew the Lease pursuant to any provisions relating to a Successor Term.

This right granted by the Franchisee to the Franchisor to assume the Franchisee's position as the tenant under the Lease will be at the Franchisor's sole election, and the Franchisor will bear no responsibility for any of the Franchisee's past-due obligations under the Lease.

26.2. Perfected Assignment; Notice. This assignment will constitute a perfected, absolute and present assignment; provided, however, the Franchisor will have no right under this assignment to enforce the provisions of the Lease until an Event of Default has occurred. After an Event of Default has occurred, the Franchisor will have the right, but not the obligation, to enforce the provisions of this assignment and to take possession of the Franchised Location by giving the Franchisee and the Landlord written notice that it has affirmatively exercised its rights under this assignment. The written notice will state:

(a) that the Franchisor is taking and assuming the Lease from the Franchisee;

(b) the date on which the Franchisor will take physical possession of the Franchised Location; and

(c) that the Franchisor agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease.

The Franchisor will execute the appropriate documents at the time it gives written notice to the Franchisee and the Landlord of its assumption of the Lease.

26.3. No Prior Assignment; Estoppel. The Franchisee represents and warrants that:

(a) there has been no prior assignment of the Lease to a third party;

(b) it has the right to assign the Lease to the Franchisor;

(c) the Lease is a valid and enforceable agreement,

(d) neither the Landlord nor the Franchisee is in default to the other thereunder; and

(e) all covenants, conditions and agreements have been performed as required by the Lease.

No change in the terms of the Lease will be valid without the written approval of the Franchisor. The Franchisee will not assign the Lease to a third party or encumber its interest in the Lease so long as this assignment is in effect. During the term of this Agreement, the Franchisee will not lease or sublease all or any part of the Franchised Location without the Franchisor's prior written consent.

26.4. Enforcement of Franchisee's Rights. The Franchisee hereby irrevocably constitutes and appoints the Franchisor as its attorney-in-fact to demand, receive and enforce the Franchisee's rights with respect to the Lease, to make payments under the Lease and to give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Franchisee or, at the option of the Franchisor, in the name of the Franchisor, with the same force and effect as the Franchisee could

do if this assignment had not been made. This appointment is coupled with an interest and is irrevocable.

26.5. Franchisor's Rights and Remedies. Upon taking physical possession of the Franchised Location, the Franchisor may, without affecting any of its rights or remedies against the Franchisee under any other instrument, document or agreement, exercise its rights under this Agreement as the Franchisee's attorney-in-fact in any manner permitted by law and, in addition, the Franchisor will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law. If the Franchisor elects not to take physical possession of the Franchised Location following termination or expiration of this Agreement, it will have the right to enter upon the premises to ensure that the alterations required pursuant to Article 20.2 are made.

26.6. Proration of Rents and Expenses. At the time the Franchisor takes physical possession of the Franchised Location, all charges, real estate taxes, utilities and rentals will be prorated between the Franchisor and the Franchisee. The Franchisor will have no obligation to pay any past-due obligations or arrearages of the Franchisee to any person or Entity, including the Landlord.

26.7. Possession; Obligations of Franchisor and Franchisee. Subject to Article 26.6, the Franchisor will hold the Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Franchised Location from the date that the Franchisor takes physical possession of the Franchised Location. The Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, common area maintenance expenses, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that the Franchisor takes physical possession of the Franchised Location. With the specific and limited exception of rental payments and other obligations to the Landlord arising from the Franchisor's use of the Franchised Location after taking physical possession of the premises, the Franchisee will indemnify and hold the Franchisor harmless from and against any and all Claims and Damages to which the Franchisor may become exposed, or which the Franchisor may incur, in exercising any of its rights under this assignment.

26.8. Landlord's Consent to Assignment of Lease as Security. The Franchisee will secure the Landlord's written consent to the provisions contained in this Article in the form attached as an exhibit to this Agreement.

26.9. Assignment by Franchisor. The Franchisor will have the right to assign its right, title and interest in the Lease to any persons or Entities upon giving written notice to the Franchisee and the Landlord without any consent whatsoever from the Franchisee or the Landlord, and any such assignment to any person or Entity will be valid and binding upon the Franchisee and the Landlord as fully as if each had expressly approved the same. Subject to the limitation on further assignment by the Franchisee contained in Article 26.4, this assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the Franchisee, the Franchisor and the Landlord.

26.10. Lease Not Yet Executed. In the event that the Franchisee has not yet entered into the Lease for the Franchised Location at the time this Agreement is executed, the provisions of Articles

26.2, 26.3 and 26.5 of this Agreement will take effect immediately upon the execution of the Lease. The representations of the Franchisee contained in Article 26.4 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. The Franchisee will execute all additional documents required by the Franchisor's attorneys to perfect the assignment of the Lease.

## 27. MANDATORY NON-BINDING MEDIATION

27.1. Disputes Subject to Mediation. Except as provided in Article 26.6, all disputes between the Franchisor and the Franchisee will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

27.2. Purpose. The Franchisor and the Franchisee acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other franchisees and developers, and the Restaurant System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

27.3. Mediation Protocol. If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place exclusively in Bellevue, Washington, and will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

27.4. Conditions. The Franchisor and the Franchisee will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the mediator, then either party will have the right to pursue all other remedies available to them under this Agreement.

27.5. Miscellaneous. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. The Franchisor and the Franchisee will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

27.6. Disputes Not Subject to Mediation. The following disputes between the Franchisor and the Franchisee will not be subject to mediation:

(a) use of the Marks by either the Franchisor or the Franchisee;

(b) the obligations of the Franchisee and the Franchisor upon termination or expiration of this Agreement;

(c) any alleged breach of the provisions of this Agreement relating to data security, Confidential Information, and in-term and post-term covenants not to compete contained in Article 23;

(d) any dispute regarding the Franchisee's obligations to indemnify the Franchisor and/or an Affiliate for any Claims or Damages pursuant to Article 25 of this Agreement;

(e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights; and

(f) the matters set forth in Article 26.5 (Franchisor's Rights and Remedies).

## 28. ENFORCEMENT

28.1. Injunctive Relief. Either the Franchisee or the Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to:

(a) the use of the Marks and/or the Restaurant System by the Franchisor or the Franchisee;

(b) the obligations of the Franchisee or the Franchisor upon termination or expiration of this Agreement; and

(c) any breaches of the provisions of this Agreement by either the Franchisee or the Franchisor relating to Confidential Information and the provisions of Article 23 relating to the interpretation, construction or enforcement of the covenants not to compete.

28.2. Payments to Franchisor. The Franchisee will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Franchisee, or for any other reason, withhold the payment of any Fees due to the Franchisor. The Franchisee will not have the right to "**offset**" or withhold any liquidated or unliquidated amounts, Damages or other funds allegedly due to the Franchisee by the Franchisor against any Fees due to the Franchisor by the Franchisee. The Franchisor will have the right to deduct from amounts payable to the Franchisee by the Franchisor or an Affiliate any Fees or other payments owed to the Franchisor, an Affiliate or a third party. The Franchisor will also have the right to apply the Fees and other payments made to the Franchisor by the Franchisee in such order as the Franchisor may designate from time to time. As to the Franchisee and its Affiliates, the Franchisor will have the right to:

(a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by the Franchisee, except that Marketing Fees may only be credited to the Marketing Fund;

(b) set off, from any amounts that may be owed by the Franchisor, any amount owed to the Franchisor, the Marketing Fund or any other fund or account; and

(c) retain any amounts received for the Franchisee's account (and/or that of any Affiliate of the Franchisee), whether rebates from suppliers or otherwise, as a payment against any Fee owed to the Franchisor.

The Franchisor will have the right to exercise any of the foregoing rights in connection with amounts owed to or from the Franchisor and/or any Affiliate.

28.3. Effect of Wrongful Termination. If the Franchisor or the Franchisee takes any action to terminate this Agreement or the Franchisee takes any action to convert its Restaurant to another business, and such actions were taken without first complying with the terms and conditions of this Agreement, including Article 18 (Transfer) or Article 19 (Termination Rights of Franchisor) of this Agreement, as applicable, then:

(a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement;

(b) the terms and conditions of this Agreement will remain in full force and effect; and

(c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

28.4. Attorneys' Fees and Costs. The prevailing party in an action will be entitled to all reasonable attorneys' fees and costs incurred by the prevailing party in any proceeding or court action brought against the other party to enforce the terms and conditions of this Agreement, including a breach of this Agreement.

28.5. Venue and Jurisdiction. All court proceedings, lawsuits and court hearings initiated by the Franchisee or the Franchisor must and will be venued exclusively in King County, Washington. The Franchisee, the MOD Operator and the Franchisee's Executive Management and its Owners do hereby agree and submit to personal jurisdiction in King County, Washington for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Restaurant, and do hereby agree and stipulate that any such suits, proceedings and hearings will be venued exclusively in King County, Washington. The Franchisee, its Executive Management and its Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction.

28.6. Limitation of Actions. Except as provided otherwise in this Agreement or by applicable law, any and all Claims arising out of or relating to this Agreement, the relationship between the Franchisee and the Franchisor, or the Franchisee's operation of the Restaurant brought by either party against the other, whether in mediation or any court proceeding, must be commenced within 12 months after the earlier of (a) the occurrence of the facts giving rise to such Claims or (b) the date on which the complaining party becomes aware of the occurrence of such facts, or such Claims will be absolutely barred and unenforceable.

28.7. Severability. All provisions of this Agreement are severable. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Article 28.7 will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable.

28.8. Waiver. The Franchisor and the Franchisee may, by written instrument signed by the Franchisor and the Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Franchisee and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder will not constitute a waiver by the Franchisor of any provision of this Agreement. The Franchisor will have the absolute right to waive obligations or restrictions for other franchisees and developers under their franchise agreements without waiving those obligations or restrictions for the Franchisee and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees and developers without granting those same rights to the Franchisee and without incurring any liability to the Franchisee whatsoever.

28.9. No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Franchisee and the Chief Executive Officer or Chief Financial Officer of the Franchisor.

28.10. Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any Area Development Agreement between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made

by the Franchisor in the Franchise Disclosure Document provided to the Franchisee prior to the execution of this Agreement by the Franchisee.

28.11. Headings; Terms. The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "**Franchisee**" as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "**Franchisee**," "**assignee**" and "**Transferee**" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Franchisee or any such assignee or transferee if the Franchisee or such assignee or transferee is an Entity.

28.12. Franchisor's Reasonable Business Judgment. Whenever the 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 it exercises reasonable business judgment ("**Reasonable Business Judgment**") in making a decision or exercising a right. The 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 the Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes the Franchisor's financial or other individual interests. 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 product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

28.13. Miscellaneous. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If the Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

## 29. NOTICES

All notices required or permitted under this Agreement must be in writing and made by personal service or sent by prepaid certified mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Chief Financial Officer
MOD Pizza Super Fast Pizza Franchising, LLC
2035 158th Court NE, Suite 200
Bellevue, WA 98008

| | |
|---|---|
| With a copy to: | General Counsel and Vice President – Legal<br>MOD Pizza Super Fast Pizza Franchising, LLC<br>2035 158th Court NE, Suite 200<br>Bellevue, WA 98008 |
| With a copy via email to: | legalsupport@modpizza.com |
| Notices to Franchisee: | _____<br>_____<br>_____ |

For the purposes of this Agreement, personal service will include service by a recognized overnight delivery service (such as Federal Express, Airborne Express or UPS) which requires a written confirmation of delivery to the addressee. Any notice delivered in the manner specified herein will be deemed delivered and received, regardless of whether the recipient refuses or fails to sign for the notice, if addressed to the recipient at the address set forth above or the last designated or last known address of the recipient, and will be deemed effective upon written confirmation of delivery to the recipient or three business days after being mailed, whichever is applicable.

## 30. ACKNOWLEDGMENTS; DISCLAIMER; MISCELLANEOUS

30.1. Disclaimer. The Franchisor does not warrant or guarantee that the Franchisee will derive income or profit from its Restaurant, or that the Franchisor will refund all or part of the Initial Franchise Fee paid by the Franchisee or repurchase any of the Foods, Beverages and Products, technology, or FF&E supplied or sold by the Franchisor or by an Approved or Designated Supplier if the Franchisee is in any way unsatisfied with its Restaurant. The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues, economics, business or financial success, or value of the Franchisee's Restaurant except as specifically contained in the Franchise Disclosure Document received by the Franchisee.

30.2. Acknowledgments by Franchisee. The Franchisee acknowledges that it has conducted an independent investigation of the Franchise and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurant involve business and economic risks. The Franchisee acknowledges that the financial, business and economic success of the Franchisee's Restaurant will be primarily dependent upon the personal efforts of the Franchisee, its management and employees, on economic conditions in the area where the Franchised Location is located, and economic conditions in general. The Franchisee acknowledges and agrees that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than the Franchisor has or will have any duties or obligations to the Franchisee under this Agreement. The Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurants, or other economic matters pertaining to the Restaurant from the Franchisor or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by the Franchisee from the Franchisor (**"Representations"**). The Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified the Chief Executive Officer of the Franchisor in

writing of the person or persons making such Representations, and provided to the Franchisor a specific written statement detailing the Representations made.

30.3. Other Franchisees. The Franchisee acknowledges that other MOD Pizza franchisees and developers have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

30.4. Receipt of Agreement and Franchise Disclosure Document. The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by the Franchisee. The Franchisee further acknowledges that it received a copy of the Franchisor's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. The Franchisee confirms receiving the Franchise Disclosure Document on the date the Franchisee signed the acknowledgment of receipt page ("**Receipt Page**") attached to the Franchise Disclosure Document. The Franchisee and the Franchisor each acknowledge receiving a signed and dated copy of the Receipt Page.

30.5. Franchisor's Consent. Except where expressly provided to the contrary, any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation required from or by the Franchisor under the terms of this Agreement will be granted or withheld by the Franchisor in its reasonable discretion.

## 31. FRANCHISEE'S LEGAL COUNSEL

The Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon the Franchisee. The Franchisee has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Mod Super Fast Pizza Franchising, LLC Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the MOD Pizza Restaurant, to determine compliance with applicable laws, to advise the Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise the Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other legal and business matters. The name and telephone number of the Franchisee's attorney or other advisor will be included in the Addendum to this Agreement.

## 32. GOVERNING LAW; STATE MODIFICATIONS

32.1. Governing Law; Severability. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.), this Agreement and the relationship between the Franchisor and the Franchisee will be governed by the laws of the State of Washington, unless applicable state law specifically provides otherwise, and further provided that the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of Washington, or operating a Restaurant in the State of Washington, the benefit of the

Washington franchise law or any other Washington law providing specific protection to franchisees residing or operating in the State of Washington. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisee and the Franchisor.

32.2. Applicable State Laws. If applicable, various states have statutes and regulations which may supersede the provisions of this Agreement relating to the Franchisee's relationship with the Franchisor in the areas of termination and renewal of the Franchise. Various states may have court decisions that may supersede the provisions of this Agreement in the Franchisee's relationship with the Franchisor in the areas of termination and renewal of the Franchise.

## 33. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

33.1. Abandon. "**Abandon**" will mean the conduct of the Franchisee indicating the willingness, desire or intent of the Franchisee to discontinue operating its MOD Pizza Restaurant in accordance with the quality standards, uniformity requirements and the Restaurant System as described in this Agreement and the Franchise Support Guide including, but not limited to, the failure or refusal of the Franchisee to operate the Restaurant during the business hours specified in the Franchise Support Guide for two or more consecutive days without the prior written approval of the Franchisor or the failure to remain open for business during the specified business hours.

33.2. Accounting Year; Accounting Period. "**Accounting Year**" will mean the Franchisee's fiscal year consisting of 13 four Week "**Accounting Periods.**" The definition of Accounting Year may be further defined in the Franchise Support Guide, and may in the future be changed by the Franchisor as specified in the Franchise Support Guide or otherwise in writing by the Franchisor to address business practices and/or changes in the Internal Revenue Code.

33.3. Affiliate. "**Affiliate**" will mean any Entity or individual that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with a specified Entity.

33.4. Approved Supplier. "**Approved Supplier**" will mean a supplier, vendor or distributor that has been approved in writing by the Franchisor to supply its products and/or services to the Franchisee because its products and/or services conform to the standards and specifications established by the Franchisor, and the Franchisor has determined that its business reputation, quality standards, delivery performance, credit rating and other factors are satisfactory.

33.5. Area Development Agreement. "**Area Development Agreement**" will mean the agreement entered into between the Franchisor and the Franchisee granting the Franchisee, or an Entity owned by the Franchisee and/or the Owners of the Franchisee (referred to as the Area Developer in the Area Development Agreement), the right to develop the Restaurant at the Franchised Location pursuant to the terms of this Agreement.

33.6. Claims. "**Claims**" will mean any and all demands, complaints, filings, assertions, requests for payment or compensation, challenges, allegations of liability, causes of action, and/or lawsuits.

33.7. Competitive Restaurant. "**Competitive Restaurant**" will mean any restaurant, other than another MOD Pizza Restaurant: (a) that derives at least 10% of its income from the sale of pizza, flat breads or related menu items, or (b) where at least 10% of the food selections offered to its customers are pizza and/or other Italian food selections, or (c) that is considered a "fast casual" pizza concept by consumers or industry trade press, or (d) that employs or incorporates one or more distinctive elements of the Restaurant System, including, but not limited to, similar menu pricing, use of a made-to-order, assembly line production system for pizzas or salads, or (e) that uses a menu that is similar to those used in the MOD Pizza Restaurants.

33.8. Confidential Information. "**Confidential Information**" will mean and include all of the business, technology, marketing, operational, and proprietary information developed, created, owned or licensed by the Franchisor including, but not limited to, the following: (a) all plans and specifications relating to the construction of any MOD Pizza Restaurant, drawings and renderings, FF&E specifications and pricing, the names of all Approved Suppliers and Designated Suppliers, pricing information for any Foods, Beverages and Products sold to any MOD Pizza Restaurant, unpublished menus and menu designs, and all food recipes and cooking techniques, (b) all business information, financial data and information, practices, procedures, processes, "**know how**" and business and operational systems of the Franchisor, (c) all marketing strategies, programs, and concepts, training programs, Franchise Support Guide and materials, and operational and business development concepts, including but not limited to all store design, schematics, construction documents, and artwork, (d) all exclusive sales and marketing processes taught to the Franchisee's personnel during any training programs, (e) all training programs and materials, (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs), (g) all copyrighted materials that have not been publicly disclosed by the Franchisor which are marked as "**confidential**," (h) all patents of the Franchisor, including pending patents, (i) all password-protected websites designed, created and developed by the Franchisor, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality, and (j) all other written materials disclosed to the Franchisee which have been designated as "**confidential**" by the Franchisor. The Franchisee and its employees and agents will not disclose to any person or Entity the name, addresses or any other information relating to any customers or guests of any MOD Pizza Restaurant, including the Franchisee's Restaurant, except as authorized electronically or in writing by the customer or guest.

33.9. Damages. "**Damages**" will mean all judgments, losses, injuries, awards, reparations, penalties, interest, punitive damages, lost profits, pecuniary compensation, court costs, attorneys' fees, mediation, arbitration or litigation out-of-pocket costs, settlement payments, deposition and pre-trial costs, mileage, Travel Expenses, investigation fees, and all other amounts paid or incurred as a result of any Claims.

33.10. Designated Market Area. "**Designated Market Area**" or "**DMA**" will mean each media market exclusive of another as defined by the A.C. Nielsen ratings service, the Arbitron radio ratings service or such other ratings service as may be designated by the Franchisor.

33.11. Designated Supplier. "**Designated Supplier**" will mean a supplier, vendor or distributor designated by the Franchisor in writing as the Franchisee's only source for those foods, food items, recipe ingredients, proprietary products, other products and services used or sold in the Restaurant that the Franchisor has determined must meet certain quality and uniformity standards to protect the valuable goodwill and uniformity associated with the Marks and the Restaurant System.

33.12. Develop. "**Develop,**" for the purposes of Article 1.2 of this Agreement, will mean to franchise, license, own, manage or operate.

33.13. Dollars. "**Dollars**" will mean United States of America dollars.

33.14. EFT. "**EFT**" will mean the process relating to the electronic transfer of Fees directly from the Franchisee's bank account to the Franchisor's bank account, as further described in Article 6.2 of this Agreement.

33.15. Entity. "**Entity**" will mean a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law.

33.16. Executive Management. "**Executive Management**" will mean: (a) the officers and directors specified in the by-laws if the specified Entity is a corporation; (b) the manager, chief manager, managers and/or governors specified in the operating agreement or by-laws if the specified Entity is a limited liability company; or (c) the general partner(s) if the specified Entity is a partnership or a limited partnership.

33.17. Fees. "**Fees**" will collectively mean and include the Initial Franchise Fee, the Continuing Fees, the Marketing Fees, administrative fees, and all other amounts then due and payable by the Franchisee to the Franchisor pursuant to this Agreement or any other agreement or for any products or services purchased by the Franchisee from the Franchisor or any of its Affiliates.

33.18. FF&E. "**FF&E**" will mean the furniture, fixtures, supplies and equipment used in the operation of the Restaurant.

33.19. Financial Records. "**Financial Records**" will mean all accounting records and ledgers maintained in a written form, on a computer disk, CD-ROM, portable computer memory device, or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and other financial information.

33.20. Financial Statements. "**Financial Statements**" will mean a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally-accepted accounting principles applied on a consistent basis.

33.21. Foods, Beverages and Products. "**Foods, Beverages and Products**" will mean the authorized and/or proprietary foods, food items, beverages, menu items, recipe ingredients, merchandise and FF&E that are specified in the Franchise Support Guide or otherwise approved by the Franchisor in writing that are (a) used in the operation of the Restaurant, (b) used in the preparation of any foods or food items, and/or (c) offered for sale to customers of the Restaurant.

33.22. Franchise. "**Franchise**" will mean the right granted by the Franchisor to the Franchisee under this Agreement authorizing the Franchisee to operate a MOD Pizza Restaurant at the Franchised Location in conformity with the Restaurant System using the name "**MOD Pizza®**" and the other Marks.

33.23. Franchise Support Guide. "**Franchise Support Guide**" means, collectively, all books, pamphlets, training videos, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by MOD Pizza Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operations of the MOD Pizza System, as same may be amended, modified or enhanced from time to time by Franchisor.

33.24. Franchised Location. "**Franchised Location**" will mean the address, city and state set forth in the Addendum to this Agreement where the MOD Pizza Restaurant to be operated under this Agreement by the Franchisee will be physically located.

33.25. General Manager. "**General Manager**" will mean the individual responsible for the overall management and operation of the MOD Pizza Restaurant including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location.

33.26. Governmental Authority. "**Governmental Authority**" will mean any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States including, but not limited to, federal, state, district or commonwealth thereof, any foreign government or any jurisdiction, municipality or other political subdivision thereof.

33.27. Lease. "**Lease**" will mean the written lease agreement and related documents signed by the Franchisee for the Franchised Location.

33.28. Major Assets. "**Major Assets**" will mean (a) the Franchisee's Restaurant; (b) the Franchised Location; (c) the Lease for the Franchised Location; (d) the FF&E, inventory, point-of-sale system, and all other assets used in the Franchisee's Restaurant; (e) this Agreement; (f) any Ownership Interest in the Franchisee; (g) all FF&E leases, and (h) the land, building and related real estate used for the Franchisee's Restaurant, if the land, building and real estate are owned by the Franchisee.

33.29. Management Staff. "**Management Staff**" will mean and include the Franchisee's MOD Operator designated in accordance with the provisions of this Agreement, the General Manager and one Manager.

33.30. Manager. "**Manager**" will mean the individual who will assist the MOD Operator and the General Manager with the management and operation of the Restaurant.

33.31. Owner. "**Owner**" will mean any person or Entity who owns (a) any shares of capital stock in the specified Entity if such Entity is a corporation, (b) any membership interests in the specified Entity if such Entity is a limited liability company, (c) any partnership interests in the specified Entity if such Entity is a partnership, (d) any limited or general partnership interests if the specified Entity is a limited partnership, and (e) any other kind or type of Ownership Interest in the specified Entity. References to "**Franchisee,**" "**assignee**" (of the Franchisee), and "**Transferee**" which are applicable to (i) an individual or individuals will mean the Owner or Owners of an Ownership Interest in the Franchisee and (ii) an Entity will mean the Entity that has an Ownership Interest in the Franchisee.

33.32. Ownership Interests. "**Ownership Interests**" will mean (a) capital stock if the Franchisee is a corporation, (b) membership interest if the Franchisee is a limited liability company, (c) partnership interest if the Franchisee is a partnership, (d) limited or general partnership interests if the Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in the Franchisee.

33.33. Per Diem Training Fee. "**Per Diem Training Fee**" will mean the current daily fee charged by the Franchisor for each employee or independent contractor of the Franchisor who provides any training, coaching, consulting and/or instructing services or any operational, assistance or other services to the Franchisee pursuant to the terms of this Agreement. The amount of the Per Diem Training Fee will be the amount specified in the most current publication and update of the Franchise Support Guide, and the amount of the Per Diem Training Fee may be increased from time to time, at the sole option of the Franchisor, to account for inflation, increased costs and other economic conditions.

33.34. Required Opening Date. "**Required Opening Date**" will mean the date that is 10 months after the date of this Agreement, unless the Franchisee's Restaurant is being developed pursuant to an Area Development Agreement or other written agreement between the Franchisee and the Franchisor, in which case the Required Opening Date will be the date specified in the Area Development Agreement or other written agreement between the parties hereto. The Required Opening Date will be set forth in the Addendum to this Agreement.

33.35. Revenues. "**Revenues**" will mean the total Dollar sales from all guests or customers of the Franchisee's Restaurant, and will include all cash, credit card, and credit sales made by the Franchisee of every kind and nature made at, from, by or in connection with the Franchisee's Restaurant including, but not limited to, all Dollars and income received from the following: (a) the sale of all Foods, Beverages and Products, including alcoholic and nonalcoholic beverages and drinks; (b) the sale of any and all goods, products, merchandise or items sold under any of the Marks; (c) all payments received from or for vending machines, telephones and electronic and other amusement games; (d) all payments received from or for slot machines, and gaming machines; (e) all payments received from or for lotteries, lottery tickets and pull tabs; (f) all sales from the catering of Foods, Beverages and Products; (g) all sales from the delivery of Foods, Beverages and Products; (h) all sales of Foods, Beverages or Products for any banquet service; (i) all sales from the carry-out of Foods, Beverages and Products; (j) all sales of Foods, Beverages and Products at any locations or sites other than the Franchised Location; (k) all payments received from or for the redemption of gift cards and gift certificates by the Franchisee's Restaurant; (l) all payments received from business interruption insurance payments made to the Franchisee by any insurance company; and (m) the sale of all Foods,

Beverages and Products to its employees including sales from discounted meals provided to employees and actually paid for by employees. "**Revenues**" will not include (i) any sales, use or gross receipts tax imposed by any Governmental Authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by the Franchisee; (ii) the sale (as opposed to the redemption) of gift cards by the Franchisee's Restaurant; (iii) the value of Foods, Beverages and Products offered on a limited complementary basis by the Franchisee; and (iv) the one-time sale of any FF&E or any inventory items to a purchaser.

33.36. Salaries and Benefits. "**Salaries and Benefits**" will mean the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, and all other expenses related to employment.

33.37. Transfer. "**Transfer**" will mean sale, assignment, pledge, bequeath, trade, transfer, lease or sublease.

33.38. Travel Expenses. "**Travel Expenses**" will mean all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental and all other related travel expenses.

33.39. Week or Weekly. "**Week**" or "**Weekly**" will mean a period of seven consecutive days beginning on each Monday and ending each Sunday.

*Signatures on following page*

**IN WITNESS WHEREOF**, the Franchisor, the Franchisee and the Owners have respectively signed this Agreement effective as of Effective Date.

| **"Franchisor"** | **"Franchisee"** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____<br>Legal Name |
| By_____<br>Signature | By_____<br>Signature |
| By_____<br>Print Name | By_____<br>Print Name |
| Its_____<br>Title | Its_____<br>Title |

## FRANCHISEE OWNERSHIP STATEMENT

Each of the undersigned Owners of the Franchisee hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to the Franchisor agreeing to enter into this Agreement with the Franchisee, each Owner who owns at least 10% of the issued and outstanding Ownership Interests in the Franchisee agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement.

Names of Owners: Percentage of Ownership:

_____ _____%
Signature

_____
Print Name

_____ _____%
Signature

_____
Print Name

_____ _____%
Signature

_____
Print Name

Total 100%

**MOD Operator:**

_____
Name

_____
Address

_____
City, State, Zip Code

_____
Telephone

_____
Cell Phone

_____
E-Mail Address

## ATTACHMENT A
## PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "**Personal Guaranty**") is made and entered into on _____, ("**Effective Date**"), by and between MOD SUPER FAST PIZZA FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**"), and each one of the undersigned personal guarantors ("**Personal Guarantors**").

**WHEREAS**, the Franchisor and _____, (a/an) ("**Franchisee**") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised MOD Pizza Restaurant at the Franchised Location set forth in the Franchise Agreement ("**Franchise Agreement**").

**WHEREAS**, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

**NOW, THEREFORE**, in consideration of the execution of the Franchise Agreement by the Franchisor, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by the Franchisee.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Franchise Agreement which is incorporated herein by reference.

Default of Franchisee. If the Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Franchisor the Initial Franchise Fee, Continuing Fees, Marketing Fees and all other Fees due and payable to the Franchisor under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by the Franchisee from the Franchisor or any Affiliate of the Franchisor.

Noncompliance by Franchisee. If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

Obligations to Franchisor. If the Franchisee is at any time in default on any obligation to pay monies to the Franchisor or any Affiliate of the Franchisor, whether for the Initial Franchise Fee, Continuing Fees, Marketing Fees, goods or services purchased by the Franchisee from the Franchisor or any Affiliate of the Franchisor, or for any other indebtedness of the Franchisee to

the Franchisor or any Affiliate of the Franchisor, then each of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Franchisee to the Franchisor or any Affiliate of the Franchisor upon default by the Franchisee.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Franchisor.

Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement, and each one of the Personal Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

**Personal Guarantors**

| | |
|---|---|
| Signature | Signature |
| Print Name | Print Name |
| Address | Address |
| City, State and Zip Code | City, State and Zip Code |
| Telephone | Telephone |
| Signature | Signature |
| Print Name | Print Name |
| Address | Address |
| City, State and Zip Code | City, State and Zip Code |
| Telephone | Telephone |

## ATTACHMENT B
## AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS

| PAYEE | BANK NAME | ACCOUNT NO. |
|---|---|---|
| MOD SUPER FAST PIZZA FRANCHISING, LLC | _____ | _____ |

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "**debits**") drawn on such account which are payable to the above-named Payee. It is agreed that the Depository's rights with respect to each such debit will be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever. This authorization will continue in force until the Depository and the Payee have received at least thirty (30) days written notification from the Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or Entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein.

Name of Franchisee's Bank ("**Depository**"):_____

Bank Address:_____
Address, City, State, Zip Code

Bank Telephone Number:_____ Bank Fax Number:_____

Account No.: _____ Routing No.:_____

(Please attach one voided check for the above account.)

Name of Franchisee ("**Depositor**") as Listed on Account:_____

Franchisee's Restaurant Address:_____
Address, City, State, Zip Code

Franchisee's Telephone Number:_____

By_____ _____
Franchisee's Authorized Representative Title

Date:_____, 20___

## ATTACHMENT C
## WEBSITE USE AGREEMENT

THIS AGREEMENT is entered into on _____, by and between MOD SUPER FAST PIZZA FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**") and _____, a(n) _____ ("**Franchisee**").

### INTRODUCTION

The Franchisor has developed a distinctive business system for operating and franchising restaurants under the name "**MOD Pizza®**" ("**Restaurant System**"), and has extensively publicized the name "**MOD Pizza®**" to the public as an organization of restaurant businesses operating under the Restaurant System.

The Franchisee has signed a Franchise Agreement with the Franchisor on the date of this Agreement ("**Franchise Agreement**"). The Franchisee will operate a franchised MOD Pizza Restaurant utilizing the Restaurant System pursuant to the Franchise Agreement ("**MOD Pizza Restaurant**").

The Restaurant System includes the website and mobile application developed and designed by the Franchisor to conduct certain business functions as defined in the Franchise Agreement (the website and mobile application are collectively referred to herein as "**MOD Pizza Website**"). The Franchisee desires to obtain the right to have access to and to use the MOD Pizza Website in connection with the operation of its franchised MOD Pizza Restaurant.

Pursuant to the above Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, the Franchisor and the Franchisee agree and contract as follows:

1. Grant of Use.

The Franchisor grants to the Franchisee a nonexclusive and nontransferable right to use the MOD Pizza Website in connection with the operation of the Franchisee's MOD Pizza Restaurant, subject to the terms and conditions of this Agreement. The Franchisee is strictly prohibited from using the MOD Pizza Website (a) in a manner other than as prescribed by the Franchisor, (b) for any purpose other than to support the operation of the Franchisee's MOD Pizza Restaurant, or (c) after the expiration or termination of this Agreement or the Franchise Agreement. All references to the Franchisee's Restaurant will be removed from the MOD Pizza Website immediately upon the termination or expiration of this Agreement or the Franchise Agreement.

2. Term.

Unless sooner terminated by the Franchisor as provided for herein, the term of this Agreement and the rights granted herein will commence on the date set forth above and will continue until the expiration or termination of the Franchise Agreement.

3. Internet Website.

The Franchisor will establish and maintain the MOD Pizza Website to advertise, promote and conduct business at the MOD Pizza Restaurants, including the Franchisee's MOD Pizza Restaurant. The Franchisee acknowledges and agrees that all features of the MOD Pizza Website, including the domain name, content, features, graphics, functionality, color schemes, designs, format, procedures and links to other websites, will be determined by the Franchisor, in its sole discretion. The Franchisor will have the right to modify, enhance, suspend or temporarily or permanently discontinue the MOD Pizza Website at any time, in its sole discretion. The Franchisee will not have the right to establish a website or home page on the Internet, or a mobile application, to advertise or promote its Restaurant.

4. Costs of Development and Maintenance.

Proceeds from the Marketing Fund, as defined in the Franchise Agreement, will be used to develop and maintain the MOD Pizza Website.

5. Technology.

The MOD Pizza Website, certain images, user interfaces, databases, software programs and source codes, computer processes, methods of operation, processes, procedures, know-how and accompanying data relating to the MOD Pizza Website (collectively, the "**Technology**") may be made available to the Franchisee by the Franchisor for its access and/or use pursuant to this Agreement. The Technology is protected by United States and worldwide copyright laws and treaty provisions. The Technology constitutes Confidential Information, and as such is subject to the provisions of the Franchise Agreement relating to Confidential Information. In recognition of the above, the Franchisee agrees that it may not and will not, directly or indirectly, for its own benefit or for the benefit of any other person or Entity: (a) copy, reproduce, modify, use, display, publish, upload, post, transmit or distribute any portion of the Technology in any way without the Franchisor's express prior written permission; (b) use, copy, modify or display any of the Marks in any way or for any purpose without the Franchisor's express prior written permission; or (c) use the MOD Pizza Website, any Confidential Information or Technology for any business or personal purpose or use other than those purposes expressly authorized by the Franchisor pursuant to this Agreement.

6. No Warranty.

The Franchisee is provided with access to the Technology on an "**AS IS**" and "**AS PROVIDED**" basis. THE FRANCHISOR AND ITS SUPPLIERS MAKE NO, AND SPECIFICALLY DISCLAIM ANY, WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, WHETHER BY STATUTE, COMMON LAW, CUSTOM, USAGE OR OTHERWISE, AS TO ANY MATTER INCLUDING, WITHOUT LIMITATION, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY, INTEGRATION, SATISFACTORY QUALITY, FITNESS FOR ANY PARTICULAR PURPOSE, PERFORMANCE OR RESULTS THE FRANCHISEE OR ITS CUSTOMERS MAY OBTAIN BY USING THE TECHNOLOGY. THE FRANCHISOR AND ITS SUPPLIERS MAKE NO WARRANTY THAT OPERATION OF THE TECHNOLOGY WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR-FREE, AND MAKE NO WARRANTY REGARDING ANY SERVICES OBTAINED THROUGH USE OF THE TECHNOLOGY OR ANY TRANSACTIONS ENTERED INTO THROUGH USE OF THE

TECHNOLOGY. The Franchisee will not have the right to use the Technology after the termination of this Agreement.

7. Limitation of Liability.

IN NO EVENT WILL THE FRANCHISOR OR ITS SUPPLIERS BE LIABLE TO THE FRANCHISEE OR ANY THIRD PARTY FOR ANY DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS WHATSOEVER OR FOR ANY CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES, OR FOR ANY LOST PROFITS OR LOST SAVINGS ARISING OUT OF, RELATING TO OR RESULTING FROM THIS AGREEMENT, THE TECHNOLOGY, THE USE OR INABILITY TO USE THE TECHNOLOGY, ANY SERVICES OBTAINED OR TRANSACTIONS ENTERED INTO PURSUANT TO THIS AGREEMENT, ANY LOSS OR UNAUTHORIZED ALTERATION OF ANY DATA, OR ANY UNAUTHORIZED ACCESS TO ANY DATA. THE FOREGOING LIMITATIONS AND EXCLUSIONS WILL APPLY TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW EVEN IF THE FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES, DAMAGES, CLAIMS, AS DEFINED HEREIN, OR COSTS. IF THE FRANCHISOR OR ITS SUPPLIERS BREACH THIS AGREEMENT, OR IF THE FRANCHISEE IS DISSATISFIED IN ANY RESPECT WITH THE SERVICES PROVIDED BY THE FRANCHISOR OR ANY SUPPLIER PURSUANT TO THIS AGREEMENT, THEN THE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY WILL BE TO TERMINATE THIS AGREEMENT AND CEASE USING THE MOD PIZZA WEBSITE. UNDER NO CIRCUMSTANCES WILL THE FRANCHISOR BE LIABLE FOR LOSS OF DATA, REPROCUREMENT COSTS, LOST REVENUE OR PROFITS, INTERRUPTION OF THE FRANCHISEE'S BUSINESS OPERATIONS, OR FOR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES EVEN IF THEY WERE FORESEEABLE OR THE FRANCHISEE HAS INFORMED THE FRANCHISOR OF SUCH POTENTIAL DAMAGES. The Franchisor is acting on behalf of its suppliers for the purpose of disclaiming, excluding and/or limiting obligations, warranties and liability as provided in this Agreement, but in no other respects and for no other purpose.

8. Dispute Resolution.

Except when injunctive relief is sought, all controversies arising from, as a result of or under this Agreement will be resolved in accordance to the dispute resolution provisions of the Franchise Agreement. All actions, hearings and any court proceedings, including injunctive actions, will be held exclusively in King County, Washington, and the parties hereby expressly consent to personal jurisdiction and venue in King County, Washington.

9. Franchisor's Rights.

The Franchisee acknowledges and agrees that if the Franchisee breaches the terms of this Agreement, its access to the MOD Pizza Website may be temporarily or permanently disabled and the Franchisee may be held liable for all Damages incurred by the Franchisor caused by the Franchisee's breach of the terms and conditions of this Agreement.

10. Default.

Any of the following occurrences will constitute an "**Event of Default**" under this Agreement: (a) the Franchisee fails to pay when due any charge or fee payable to the Franchisor or its Affiliates pursuant to this Agreement or any other agreement; (b) the Franchisee breaches or is in default of any other provision of this Agreement and such breach or default is not corrected within 30 days, or such other period of time specified by applicable law, after the Franchisor gives the Franchisee written notice of breach; (c) the Franchise Agreement is terminated by either party or expires and is not renewed; or (d) the Franchisee is in default of any of its obligations under the Franchise Agreement and fails to correct such default in accordance with the notice and cure provisions of the Franchise Agreement.

11. Franchisor's Remedies Upon Default.

Upon the occurrence of any Event of Default, the Franchisor will have the right to exercise any or all of the following rights and remedies: (a) terminate this Agreement; (b) declare all amounts owed to the Franchisor pursuant to this Agreement to be immediately due and payable; (c) cease performance of all of the Franchisor's obligations under this Agreement without liability to the Franchisee; (d) temporarily or permanently disable the Franchisee's access to the MOD Pizza Website; (e) remove the Franchisee's MOD Pizza Restaurant from the MOD Pizza Website; and/or (f) hold the Franchisee liable for all Damages incurred by the Franchisor caused by the Franchisee's default.

12. Sole Agreement; Modification.

This Agreement is the sole agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. This Agreement may be amended only by a writing executed by the party against whom enforcement is sought.

13. Governing Law.

This Agreement will be interpreted in accordance with the substantive laws of the State of Washington.

14. Costs and Attorneys' Fees.

The Franchisee will indemnify the Franchisor for all costs that the Franchisor incurs in any lawsuit or proceeding to enforce this Agreement including, without limitation, actual attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by the Franchisor.

15. Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

16. Waiver; Consent.

The Franchisor and the Franchisee may, by written instrument signed by both parties, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Franchisee and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations will not constitute a waiver by the Franchisor of any provision of this Agreement. Whenever this Agreement requires the Franchisor's prior written consent, such consent may be withheld by the Franchisor for any reason whatsoever.

17. No Rights of Offset.

The Franchisee will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations or for any other reason, withhold payment of any payments due the Franchisor pursuant to this Agreement or pursuant to any other contract, agreement or obligation. The Franchisee will not have the right to "**offset**" any liquidated or unliquidated amounts, Damages or other funds allegedly due to the Franchisee by the Franchisor against any payments due to the Franchisor under this Agreement.

18. Franchisor's Rights Cumulative.

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

19. Jurisdiction; Venue.

All litigation, court hearings, or other proceedings initiated by either party against the other party will be initiated, venued and maintained in strict accordance with the corresponding applicable provisions of the Franchise Agreement.

20. Binding Agreement.

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

21. Notices.

All notices to the Franchisor or the Franchisee will be given in accordance with and subject to the corresponding applicable terms and conditions of the Franchise Agreement.

22. Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, will have the meanings ascribed to such terms in the Franchise Agreement.

23. Counterparts.

This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective as of the day and year first above written.

| **"Franchisor"** | **"Franchisee"** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____<br>Legal Name |
| By_____<br>Signature | By_____<br>Signature |
| By_____<br>Print Name | By_____<br>Print Name |
| Its_____<br>Title | Its_____<br>Title |

## ATTACHMENT D
## TELEPHONE LISTING AGREEMENT

THIS AGREEMENT is made and entered into on _____, by and between MOD SUPER FAST PIZZA FRANCHISING, LLC ("**Franchisor**"), and ("**Franchisee**").

**WHEREAS**, the Franchisor is the franchisor of MOD Pizza Restaurants and the licensor of the name "**MOD Pizza®**" and certain other trademarks, trade names, service marks, logos and commercial symbols ("**Marks**"); and

**WHEREAS**, the Franchisor and the Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement ("**Franchise Agreement**") pursuant to which the Franchisee is granted the right to operate a franchised MOD Pizza Restaurant ("**MOD Pizza Restaurant**" or "**Restaurant**") and to use the Marks in on-line and/or printed book versions of telephone directory listings for the Franchisee's Restaurant; and

**WHEREAS**, the Franchisee is authorized to continue using the Marks until such time as the Franchise Agreement is terminated or expires.

**NOW, THEREFORE**, the Franchisor and the Franchisee hereby agree as follows:

1. The Franchisee is authorized to obtain telephone service for Franchisee's MOD Pizza Restaurant. Such service will not be used in conjunction with any other business or residential telephone service.

2. The Franchisee is authorized to secure on-line and printed book White Pages, Yellow Pages and directory assistance listings for the Franchisee's MOD Pizza Restaurant only in the name of "**MOD Pizza®**." No other names may be used in conjunction with the Restaurant and the Marks, and no additional listings may be used with the telephone number(s) assigned to the Restaurant, unless approved in writing in advance by the Franchisor.

3. All telephone directory listings, Yellow Pages display advertising, layout, and copy will be approved in advance in writing by the Franchisor, and the Franchisee agrees that it will not place any such copy unless the written approval of the Franchisor is attached. Placement of display advertising by the Franchisor or its advertising agency for the Franchisee through a national Yellow Pages service will constitute automatic approval.

4. The Franchisee agrees that the telephone numbers and telephone directory listings for the MOD Pizza Restaurant will be considered to be the sole property of the Franchisor. The Franchisee acknowledges that the Franchisor has the absolute right and interest in all of the telephone numbers and telephone directory listings associated with the Marks, and the Franchisee hereby authorizes the Franchisor to direct the telephone company and all listing agencies to transfer all of the Franchisee's telephone numbers and directory listings to the Franchisor or the Franchisor's assignee if the Franchise Agreement expires or is terminated for any reason whatsoever at any time.

5. Upon the expiration or termination of the Franchise Agreement for any reason, the Franchisee agrees that it will immediately cease all use of such telephone numbers and

telephone directory listings and that all such telephone numbers and telephone directory listings will remain the sole property of the Franchisor, subject to the Franchisor's obligation to pay all fees due therefor that become due and payable after the date of the cessation of the Franchisee's right to use the Marks and the telephone numbers and telephone directory listings associated with the Marks.

6. The Franchisee hereby releases and forever discharges the Franchisor and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from the Franchisor's exercise of its rights hereunder or from the telephone company's cooperation with the Franchisor in effecting the terms of this Agreement.

7. The Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and all classified and other directory listings under the "**MOD Pizza®**" name and to authorize the telephone company and all listing agencies to transfer to the Franchisor or its assignee all telephone numbers and directory listings of the Franchisee's MOD Pizza Restaurant.

8. The telephone company and all listing agencies will have the right to accept this Agreement as evidence of the exclusive rights of the Franchisor to such telephone numbers and directory listings, and this Agreement will constitute the authority from the Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to the Franchisor. The Franchisee will not make any claims or commence any action against the telephone company and the listing agencies for complying with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

| **"Franchisor"** | **"Franchisee"** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____<br>Legal Name |
| By_____<br>Signature | By_____<br>Signature |
| By_____<br>Print Name | By_____<br>Print Name |
| Its_____<br>Title | Its_____<br>Title |

## ATTACHMENT E
## LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE

The undersigned landlord ("**Landlord**") hereby consents to the assignment by the undersigned Franchisee of MOD SUPER FAST PIZZA FRANCHISING, LLC ("**Franchisee**") of its right, title and interest in and to the premises lease dated as of _____, by and between the Landlord and the Franchisee ("**Lease**"), to MOD SUPER FAST PIZZA FRANCHISING, LLC ("**Franchisor**"), pursuant to a Franchise Agreement between the Franchisor and the Franchisee, dated as of _____, ("**Franchise Agreement**"), and as an inducement to the Franchisor to enter into the Franchise Agreement with the Franchisee, agrees with the Franchisor as follows:

1. In the event of default by the Franchisee under the Franchise Agreement, the Franchisor or its designee may assume, enforce and perform the obligations of the Lease with the same force and effect as if assumed, enforced and performed by the Franchisee. The Landlord will accept the Franchisor's (or its designee's) performance in lieu of performance by the Franchisee in satisfaction of the Franchisee's future obligations under the Lease.

2. The Landlord will not terminate the Lease on account of any default of the Franchisee without giving written notice to the Franchisor and first providing to the Franchisor a reasonable opportunity, but not less than 30 days, to: (a) cause the Franchisee to cure the default; or (b) declare the Franchisee in default under the Franchise Agreement and exercise its rights under the Franchise Agreement. In the event the Franchisor elects to exercise its rights under the Franchise Agreement, the Landlord agrees not to terminate the Lease so long as the Franchisor or its designee agrees, within 30 days from the date the Franchisor gives written notice to the Landlord of its election to exercise its rights under this assignment, to perform the future obligations of the Franchisee under the Lease. However, nothing herein will require the Franchisor to cure any default of the Franchisee under the Lease, but only gives it the option to assume the Franchisee's future rights and obligations under the Lease. If the Franchisor elects not to take physical possession of the premises under the Lease, the Landlord will permit the Franchisor to enter upon the premises to ensure that the alterations required pursuant to Article 20.2 of the Franchise Agreement are made.

3. The Landlord hereby represents and warrants to the Franchisor that: (a) the Lease is a valid and enforceable agreement; (b) there has been no prior assignment of the Lease of which the Landlord has notice or is aware; (c) neither the Landlord nor the Franchisee is in default under the Lease; and (d) all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof.

4. Landlord hereby acknowledges that the Franchisor assumes no duty, liability or obligation under the Lease, except only under the circumstances, terms and conditions specifically set forth in the Franchise Agreement and only after express written assumption of the Lease by Franchisor.

Dated: _____

"**Landlord**"

_____

By_____

Its_____

**ATTACHMENT F**
**ADDENDUM TO**
**MOD SUPER FAST PIZZA FRANCHISING, LLC FRANCHISE AGREEMENT**

**FOR:**
**ADDRESS OF FRANCHISED LOCATION:**

_____

Street

_____

City, State, Zip Code

**AND**
**PROTECTED AREA:**

The area within a _____ mile radius of the Franchised Location for the Franchisee's MOD Pizza Restaurant

Pursuant to Article 33.34, the Required Opening Date for the Franchisee's MOD Pizza Restaurant is: _____, 20___

Pursuant to Article 31, the name and telephone number of the Franchisee's attorney or other advisor is: _____; Telephone Number: _____ (____); E-Mail Address: _____

**DESCRIPTION OF AREA WHERE THE FRANCHISEE WILL HAVE THE RIGHT TO LOCATE THE RESTAURANT UNTIL THE ADDRESS OF THE FRANCHISED LOCATION HAS BEEN DETERMINED:**

_____

_____
(include if possible the City, County and State)

This Addendum is Dated: _____

**MOD SUPER FAST PIZZA FRANCHISING, LLC**

_____
Name of Franchisee

By_____

Its_____

By_____

Its_____

**ATTACHMENT G**
**MOD SUPER FAST PIZZA FRANCHISING, LLC**
**FORM OF LEASE ADDENDUM**

## LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _____, is entered into by and between _____ ("**Lessor**"), and _____ ("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated _____, and pertaining to the premises located at _____ _____ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate a MOD Pizza franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with MOD Super Fast Pizza Franchising, LLC ("**Franchisor**") under the name "MOD Pizza®" or other name designated by Franchisor (herein referred to as "**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE,** it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee shall agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as **Attachment G-1**: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation, or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary

or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a). Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor shall be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor shall not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

MOD Super Fast Pizza Franchising, LLC
2035 158th Court NE, Suite 200
Bellevue, Washington 98008
Attention: General Counsel and Vice President - Legal
Phone: (888) 770-6637

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease (together with this Addendum), Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which shall be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the "MOD Pizza®" marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment G-1**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Competition by Other Lessees of Lessor. Lessor agrees that it will not do business with nor lease to another business whose primary business is the operation restaurants serving pizza as a primary menu item.

8. No Radius Clause. The radius restriction set forth in the Lease is hereby deleted.

9. No Relocation Clause. Any relocation clause found in the Lease is hereby deleted.

10. Casualty and Condemnation. In the event the Premises are completely or partially damaged by fire or other casualty or are condemned by a governmental agency in whole or in part, such that the Premises cannot, in Lessee's reasonable business judgment, be used by Lessee for their intended purposes, or can only be partially used by Lessee (it being understood that Lessee, in its reasonable business judgment, shall decide whether to remain open prior to the completion of repairs to the Premises) and this Lease is not terminated as otherwise provided in this Lease, there shall be an equitable abatement of rent, any percentage rent and other charges payable by Lessee hereunder for any days the Lessee cannot use the entire Premises. In the event the Premises are not repaired or restored by Lessor within 180 days after the date of the casualty or condemnation, Lessee may elect to terminate this Lease upon 30 days' prior written notice to Lessor.

11. Common Areas-No Changes. Lessor shall not change or alter the common areas in any manner which would alter the dimensions or location of the Premises or adversely affect the use, operation or conduct of Lessee's business being conducted in the Premises, adversely affect the accessibility or visibility of the Premises or reduce the existing parking facilities of the Shopping Center by more than 10%.

12. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Shopping Center, the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor shall be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor shall indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorneys' fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Shopping Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

13. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self-insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered from such insurance (or which would have been recovered had the party carried the insurance required to be carried pursuant to the terms of the Lease), including any deductibles under such policies..

14. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Premises and has full right, power and authority to enter into this Lease; (ii) that the Franchised Location is in compliance with the Americans with Disabilities Act ("**ADA**"); (iii) that the permitted "use" of the Premises does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Premises and shall maintain throughout the term of this Lease general liability insurance coverage for the Premises consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Premises in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein beyond all applicable notice and cure periods, Lessee shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof shall not be disturbed. Lessor covenants and agrees that Lessor shall take no action that will interfere with Lessee's intended usage of the Premises. Lessor shall indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Franchised Business, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of this Lease.

15. Lessor Work And Repair. Lessor shall perform all work described in the Lease and Exhibit __ attached hereto and incorporated herein. Lessor shall be responsible for the payment of all tap fees and system development fees incurred in connection with Lessor's provision of utilities to the Premises. Utilities shall be "stubbed" to the Premises at no cost to Lessee. All Lessor work shall be performed in a workmanlike manner with quality materials in compliance with all laws, codes and all regulations. If Lessor's work is not performed as herein required, or if such work or the Premises is not in compliance with all laws, codes or other regulations, Lessor shall perform the necessary remedial work at its sole cost and expense. Lessor covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Lessee, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

16. Mitigation. Lessor shall use reasonable efforts to mitigate its damages in the event of a Lessee default.

17. Lessee Financing. Lessee shall have the right from time to time during the term of the Lease, and without Lessor's prior approval, to grant and assign a mortgage or other security interest in Lessee's interest under this Lease and all of Lessee's personal property located within the Premises to its lenders in connection with Lessee's financing arrangements and any lien of Lessor against Lessee's personal property (whether by statute or under the terms of this Lease) shall be subject and subordinate to such security interest. Lessor shall execute such documents as Lessee's lenders may reasonably request in connection with any such financing.

18. Closure of Business Operation. Notwithstanding anything in the Lease to the contrary, Lessee may close its business once every five (5) years for a reasonable time to refurbish and redecorate the Premises.

19. Removal of Trade Dress/Personal Property. Lessor shall permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor shall permit Lessee to remove its trade dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section __, whichever later occurs.

20. Alterations. Lessor's consent shall not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

21. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

22. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

23. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Lease and this Addendum.

**IN TESTIMONY WHEREOF**, witness the signatures of the parties hereto as of the day, month and year first written above.

| **LESSOR:** | **LESSEE:** |
|---|---|
| _____ | _____ |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |

## ATTACHMENT G-1
## TO FRANCHISE AGREEMENT

## COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of _____ ("**Effective Date**"), the undersigned, _____ ("**Assignor**"), hereby assigns, transfers and sets over unto MOD Super Fast Pizza Franchising, LLC ("**Assignee**") all of Assignor's right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at _____ ("**Premises**"). This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement ("**Franchise Agreement**") for a MOD Pizza Franchised Business between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any successor terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees or instructs in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

_____

By: _____
Its: _____

**ASSIGNEE:**

**MOD SUPER FAST PIZZA FRANCHISING, LLC**, a Delaware limited liability company

By: _____
Its: _____

# EXHIBIT A

LEASE

With Respect to Premises Located at:

_____

(To Be Attached)

## ATTACHMENT H

## MOD SUPER FAST PIZZA FRANCHISING, LLC FRANCHISEE PARTICIPATION AMENDMENT TO THE FRANCHISE AGREEMENT

This Franchisee Participation Amendment to the Franchise Agreement ("**Amendment**") is made and entered into on _____ ("**Effective Date**"), by and between MOD Super Fast Pizza Franchising, LLC ("**Franchisor**") and _____ ("**Franchisee**"). Franchisor and Franchisee are individually referred to herein as a "**Party**," and collectively referred to herein as the "**Parties**."

### BACKGROUND

A. The Parties entered into that certain Franchise Agreement dated _____, ("**Franchise Agreement**") pursuant to which Franchisee operates a MOD Pizza Restaurant in **[insert city, state]** ("**Store**").

B. Franchisor's parent, MOD Super Fast Pizza Holdings, LLC ("**Parent**"), entered into that certain Beverage Consulting Agreement, whereby Parent engaged Hiller & Associates, LLC ("**Consultant**") to provide assistance to Parent and its affiliates in connection with their soft drink beverage program.

C. Franchisor's affiliate, Mod Super Fast Pizza LLC, and The Coca-Cola Company, acting by and through its Coca-Cola North America Group ("**Coca-Cola**"), entered into that certain Beverage Marketing Agreement ("**Coca-Cola Agreement**"), whereby franchised outlets may participate in the various marketing, equipment and service programs established by the Coca-Cola Agreement so long as Franchisor and Franchisee have entered into this Amendment.

D. Franchisee is only eligible to participate in the Coca-Cola Agreement if Franchisee agrees to the terms of this Amendment. The Parties desire to amend the Franchise Agreement to allow Franchisee to participate in the Coca-Cola Agreement under the terms and conditions set forth in this Amendment.

### AGREEMENT

1. Definitions. Capitalized terms used and not defined in this Amendment shall have the meanings assigned to them in the Franchise Agreement.

2. Franchisee Participation. Franchisee hereby elects to participate in the Coca-Cola Agreement and agrees to comply with all of Franchisee's obligations as set forth in the Coca-Cola Agreement ("**Participation**").

3. Term. Franchisee's Participation, and all of Franchisee's rights, duties, and obligations associated with such Participation, will extend from the Effective Date through the earliest of the date on which: (a) the Coca-Cola Agreement expires; (b) the Coca-Cola Agreement is terminated; or (c) Franchisee's Participation is terminated.

4. Payment. As consideration for the benefits Franchisee will receive as a result of its Participation in the Coca-Cola Agreement, Franchisee hereby agrees to pay to Franchisor a payment ("**Participation Payment**") in the amount equal to twenty percent (20%) of any payment in excess of $1.50 per gallon made by Coca-Cola to Franchisee pursuant to the Coca-Cola Agreement (each a "**Coca-Cola Payment**"). Any such Participation Payment will be due and payable to Franchisor within fifteen (15) days of Franchisee's receipt of any such Coca-Cola Payment. Franchisee hereby authorizes Franchisor to collect the full amount of any such Participation Payment payable by Franchisee under this Amendment by EFT in accordance with Article 6.2 of the Franchise Agreement. Franchisee acknowledges that the Participation Payments are used solely by Franchisor to cover fees owed to third party Consultant who negotiated the Coca-Cola Agreement, and that Franchisor is not making any profit from the Participation Payments.

5. Termination. In the event Franchisee's Participation or the Coca-Cola Agreement is terminated for any reason and Franchisee remains in Franchisor's System, Franchisee must negotiate an independent supply agreement with Coca-Cola for its Store. In the event of such a termination, Franchisee must comply with all of its post-termination obligations under the Coca-Cola Agreement. Further, Franchisee must pay to Franchisor a final Participation Payment to account for any Coca-Cola Payment received by Franchisee after delivery of the notice of termination of Franchisee's Participation or the Coca-Cola Agreement, as the case may be.

6. Termination Rights of Franchisor. Article 19.1 of the Franchise Agreement is hereby amended by the addition of the following language at the end of the section:

"and (u) the Franchisee breaches the Franchisee Participation Amendment or the Coca-Cola Agreement."

7. No Further Changes. Except as specifically provided in this Amendment, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, the Parties have duly executed this Amendment as of the Effective Date.

| **FRANCHISOR:** | **FRANCHISEE:** |
| --- | --- |
| **MOD Superfast Pizza Franchising, LLC** | _____ |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |

## ATTACHMENT I-A

## MOD SUPER FAST PIZZA FRANCHISING, LLC
## NONDISCLOSURE AND NONCOMPETITION AGREEMENT (OWNER)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on _____ by and among **MOD Super Fast Pizza Franchising, LLC** ("**Franchisor**"), _____ ("**Franchisee**), and _____ ("**Owner**"). Franchisor, Franchisee and Owner are collectively referred to herein as the "**Parties**" and individually as a "**Party**". All capitalized terms not specifically defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

**WHEREAS**, the Franchisor is the franchisor of MOD Pizza Restaurants and the licensor of the name "MOD Pizza®" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "**Marks**");

**WHEREAS**, the Franchisor and the Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement (the "**Franchise Agreement**") pursuant to which the Franchisee is granted the right to operate a franchised MOD Pizza Restaurant featuring "made on demand" artisan pizzas, salads, desserts, beverages, and other menu items in a distinctive atmosphere (the "**MOD Pizza Restaurant**" or the "**Restaurant**");

**WHEREAS**, the Restaurant is operated (a) under the Franchisor's trademark "MOD PIZZA®" and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**") and (b) by using the Franchisor's proprietary and distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, trade secrets, operating procedures and know-how (collectively, "**Trade Secrets**").

**WHEREAS**, the Franchisee is authorized to use the Marks and Confidential Information to the extent provided under the Franchise Agreement.

**NOW, THEREFORE**, to confirm the obligation and covenants of the Franchisee and the Owner with respect to the prohibited use and disclosure of the Confidential Information, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions. All capitalized terms not specifically defined in this Agreement, shall have the meaning given to them in the Franchise Agreement. As used herein, the term "**Trade Secrets**" shall be deemed to constitute Confidential Information (within the meaning of the Franchise Agreement).

2. Cumulative Rights and Remedies. The rights and obligations of the Parties set forth herein are cumulative of and do not in any way limit the rights and obligations of the Parties as set forth in the Franchise Agreement which are independently enforceable.

3. Non-Disclosure of Confidential Information.

(a) Each of the Franchisee and each Owner acknowledges that the Franchisee, the MOD Operator, the Owner and Executive Management, and certain of the Franchisee's employees have or will receive Confidential Information from the Franchisor pertaining to the operation of the MOD Pizza Restaurant. In consideration for access to and use of the Confidential Information, the Franchisee and the Owner will comply in all respects with the provisions of the Franchise Agreement, including Article 23.

(b) Each of the Franchisee and each Owner acknowledges that (i) the Confidential Information developed and utilized in connection with the operation of the MOD Pizza Restaurant are unique and the exclusive property of the Franchisor or its affiliates, (ii) any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates, (iii) Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, (iv) the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and (iv) it would be very costly to Franchisor in the event competitors were to acquire or duplicate the Confidential Information.

(c) Nondisclosure. During the Initial Term and any Successor Term of the Franchise Agreement and for a period of two years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements will remain in place for as long as such information constitutes a Trade Secret), Franchisee and the Owner shall not at any time, publish, disclose, divulge or use, directly or indirectly, for its own benefit or otherwise, the Confidential Information.

4. Covenant Not to Compete.

(a) In-Term Covenant Not to Compete. During the Initial Term and any Successor Term of the Franchise Agreement, none of the Franchisee or any Owner shall, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of the Franchisor, which consent may be withheld in Franchisor's sole discretion.

(a) Post-Term Covenant Not to Compete. Except as provided to the contrary in Article 23 of the Franchise Agreement, for a period of 24 months after the termination or expiration of the Franchise Agreement, none of the Franchisee or any Owner shall, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Restaurant which is located within 10 miles of the Franchised Location, within 10 miles of any other MOD Pizza Restaurant, or within any protected area or

territory granted by the Franchisor pursuant to an area development agreement or other territorial agreement. Each of the Franchisee and each Owner expressly agrees that the nature of the Franchisor's business is such that if they were to directly or indirectly own or operate a Competitive Restaurant it would be virtually impossible for the Franchisee and the Owner not to rely on or use the Confidential Information.

(b) Each of the Franchisee and each Owner agrees that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) Franchisor is engaged in a highly competitive industry, (ii) Franchisee and the Owner will have access to the Confidential Information, including Franchisor's confidential and proprietary Franchise Support Guide, (iii) these limitations are necessary to protect Franchisor's Confidential Information, goodwill and the goodwill of its other franchisees and developers, (iv) that this covenant not to compete is necessary to give the Franchisor the opportunity to resell and/or develop a new MOD Pizza Restaurant at or in the area near the Franchised Location, and (v) Franchisee and the Owner are able to engage in lawful trade and business in a suitable and satisfactory manner without violating the terms of this Agreement. Each of the Franchisee and each Owner further agrees that these provisions are necessary to protect the legitimate business interest of the Franchisor, including protecting the integrity of the MOD Pizza franchise system and preventing duplication of the Restaurant System by unauthorized third parties.

(c) Each of the Franchisee and each Owner also agrees that money damages alone cannot adequately compensate the Franchisor if there is a breach of this Agreement by the Franchisee or the Owner, and that injunctive relief against the Franchisee and/or the Owner is essential for the protection of the Franchisor and its franchisees and developers. Each of the Franchisee and each Owner agrees therefore that, if the Franchisor alleges that the Franchisee or the Owner have breached this Agreement, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee and the Owner, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Franchisee or the Owner, then the Franchisee or the Owner will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning Franchisor's enforcement of its rights hereunder, Franchisee and the Owner, for value, voluntarily waive such defenses as they might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the Parties that no action or lack of action on the part of the Franchisor will entitle or permit the Franchisee or the Owner to use or disclose any such Confidential Information in any circumstances.

5. Entire Agreement; Amendments; Waivers. This Agreement and the Franchise Agreement contain the entire agreement between the Parties relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement

must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement

6. Governing Law, Jurisdiction, and Attorneys' Fees. The laws of the State of Washington will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). Each of Franchisee and each Owner expressly consents to the personal jurisdiction of the state and federal courts located in King County, Washington, for any lawsuit arising from or relating to this Agreement. If any Party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing Party. This instrument shall be governed by and construed under the laws of the State of Washington.

7. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

***[Signature Page Follows]***

**IN WITNESS WHEREOF,** the Parties have signed this Nondisclosure and Noncompetition Agreement on the date first above written.

**FRANCHISOR:**

**MOD SUPER FAST PIZZA FRANCHISING, LLC**

By: _____

Title: _____

Date: _____

**FRANCHISEE:**

_____

By: _____

Print Name: _____

Date: _____

**OWNER:**

_____

_____
Print Name

_____
Signature

_____
Address

_____
City, State and Zip Code

## ATTACHMENT I-B

## MOD SUPER FAST PIZZA FRANCHISING, LLC
## NONDISCLOSURE AND NONCOMPETITION AGREEMENT (MANAGEMENT STAFF)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on _____ by and between _____ ("**Franchisee**") and _____ ("**Associate**"), who resides or has a principal place of address at _____. Franchisee and Associate are collectively referred to herein as the "**Parties**" and individually as a "**Party**".

**WHEREAS**, MOD Super Fast Pizza Franchising, LLC, a Delaware limited liability company ("**MOD Pizza**" or "**Franchisor**"), located at 2035 158th Court NE, Suite 200, Bellevue, WA 98008 is the franchisor of MOD Pizza Restaurants and the licensor of the name "MOD Pizza®" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "**Marks**");

**WHEREAS**, MOD Pizza and Franchisee have entered into a Franchise Agreement, (the "**Franchise Agreement**") pursuant to which the Franchisee is granted the right to operate a franchised MOD Pizza Restaurant featuring "made on demand" artisan pizzas, salads, desserts, beverages, and other menu items in a distinctive atmosphere (the "**MOD Pizza Restaurant**" or the "**Restaurant**");

**WHEREAS**, the Restaurant is operated (a) under the Franchisor's trademark "MOD PIZZA®" and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**") and (b) by using the Franchisor's proprietary and distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, trade secrets, operating procedures and know-how, all of which constitutes Confidential Information as defined herein;

**WHEREAS**, Associate is a member of the Franchisee's management staff, or is an employee of the Franchisee whose job duties will cause Associate to be given access to the Confidential Information;

**WHEREAS,** pursuant to the Franchise Agreement, Franchisee is obligated to, among other things, maintain the confidentiality of the Confidential Information and to ensure that all persons associated with Franchisee who receive access to the Confidential Information agree not to disclose or use the Confidential Information in connection with a Competitive Restaurant as defined herein; and

**NOW THEREFORE,** to confirm the obligations and covenants of the Associate with respect to the prohibited use and disclosure of the Franchisor's Marks and Confidential Information, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions.

(a) **"Competitive Restaurant"** means any restaurant, other than another MOD Pizza Restaurant: (a) that derives at least 10% of its income from the sale of pizza, flat breads or related menu items, or (b) where at least 10% of the food selections offered to its customers are pizza and/or other Italian food selections, or (c) that is considered a "fast casual" pizza concept by consumers or industry trade press, or (d) that employs or incorporates one or more distinctive elements of the Restaurant System, including, but not limited to, similar menu pricing, use of a made-to-order, assembly line production system for pizzas or salads, or (e) that uses a menu that is similar to those used in the MOD Pizza Restaurants.

(b) **"Confidential Information"** means and includes all of the business, technology, marketing, operational and proprietary information developed, created, owned or licensed by the Franchisor including, but not limited to, the following: (a) all plans and specifications relating to the construction of any MOD Pizza Restaurant, drawings and renderings, furniture, fixtures and equipment specifications and pricing, the names of all approved suppliers and designated suppliers, pricing information for any foods, beverages and products sold to any MOD Pizza Restaurant, unpublished menus and menu designs, and all food recipes and cooking techniques; (b) all business information, practices, procedures, processes, "know how" and business and operational systems of the Franchisor; (c) all marketing strategies, programs, and concepts, training programs, franchise support guide and materials, and operational and business development concepts; (d) all exclusive sales and marketing processes taught to the Franchisee's personnel during any training programs; (e) all training programs and materials; (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs); (g) all copyrighted materials that have not been publicly disclosed by the Franchisor which are marked as "confidential;" (h) all patents of the Franchisor, including pending patents; (i) all password-protected websites designed, created and developed by the Franchisor, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality; and (j) all other written materials disclosed to the Franchisee which have been designed as "confidential" by the Franchisor. The Franchisee and its employees and agents will not disclose to any person or entity the name, addresses or any other information relating to any customers or guests of any MOD Pizza Restaurant, including the Franchisee's Restaurant, except as authorized electronically or in writing by the customer or guest.

2. Non-Disclosure of Confidential Information.

(a) Associate acknowledges that Associate will receive from the Franchisee Confidential Information pertaining to the operation of the MOD Pizza Restaurant.

(b) Associate acknowledges that the Confidential Information developed and utilized in connection with the operation of the MOD Pizza Restaurant are unique and the exclusive property of the Franchisor or its affiliates, and that any unauthorized disclosure

or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

(c) During the term of Associate's employment or affiliation with Franchisee and for a period of two years after the expiration or termination of such employment or affiliation (unless such information is a trade secret in which case the requirements will remain in place for as long as such information constitutes a trade secret), Associate shall not at any time, publish, disclose, divulge or use, directly or indirectly, for Associate's own benefit or otherwise, the Confidential Information.

3. Post-Term Covenant Not to Compete.

(a) For a period of 24 months after the termination or expiration of the Associate's employment or affiliation with the Franchisee, Associate shall not, on Associate's own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or owner of any other person or entity, own, operate, lease, franchise, conduct, engage in, be employed by or connected with, have any interest in or assist any person or entity engaged in any Competitive Restaurant which is located within 10 miles of the Franchised Location, within 10 miles of any other MOD Pizza Restaurant, or within any protected area or territory granted by the Franchisor pursuant to an area development agreement or other territorial agreement. The Associate expressly agrees that the nature of both the Franchisee's and the Franchisor's business is such that if Associate were to directly or indirectly act in violation hereof in connection with a Competitive Restaurant it would be virtually impossible for the Associate not to rely on or use the Confidential Information.

(b) The Associate further agrees that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) the Franchisee and Franchisor are engaged in a highly competitive industry, (ii) in Associate's position with Franchisee, Associate will have access to the Confidential Information, including Franchisor's confidential and proprietary franchise support guide, (iii) these limitations are necessary to protect Franchisor's Confidential Information, goodwill and the goodwill of its other franchisees and developers, and (iv) Associate is able to engage in lawful trade and business in a suitable and satisfactory manner without violating the terms of this Agreement. The Associate further agrees that these provisions are necessary to protect the legitimate business interest of the Franchisee and the Franchisor, including protecting the integrity of the MOD Pizza franchise system and preventing duplication of the MOD Pizza Restaurant system by unauthorized third parties.

(c) The Associate also agrees that money damages alone cannot adequately compensate the Franchisee or the Franchisor if there is a breach of this Agreement by Associate, and that injunctive relief against the Associate is essential for the protection of

the Franchisor and the Franchisee. Associate agrees therefore that, if the Franchisee or the Franchisor alleges that Associate has breached this Agreement, then the Franchisee and Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Associate, in addition to all other remedies that may be available. The Franchisee and/or Franchisor will not be required to post a bond or other security for any injunctive proceeding. If ex parte injunctive relief is granted against the Associate, then the Associate will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning enforcement of Franchisee's or Franchisor's rights hereunder, Associate, for value, voluntarily waive such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Franchisee; it being specifically understood and agreed between the Parties that no action or lack of action on the part of the Franchisee will entitle or permit the Associate to use or disclose any such Confidential Information in any circumstances.

(e) The restrictions of this Section 3 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

4. Entire Agreement, Amendments; Waivers. This Agreement contains the entire agreement between Associate and the Franchisee relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

5. Third Party Beneficiary. Franchisor shall be a third-party beneficiary of this Agreement and shall be entitled to enforce it.

6. Governing Law, Jurisdiction, and Attorneys' Fees. The laws of the State of Washington will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). Associate expressly consents to the personal jurisdiction of the state and federal courts located in King County, Washington, for any lawsuit instituted by Franchisor arising from or relating to this Agreement. If any Party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees from the non-prevailing Party. This instrument shall be governed by and construed under the laws of the State of Washington.

7. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

8. No Employment Relationship With Franchisor. Associate also acknowledges and agrees that notwithstanding Associate's execution of this Agreement and Franchisor being a third-party beneficiary hereof, Franchisor is not Associate's employer and Associate has no relationship, employment or otherwise, with Franchisor. Associate is employed solely by Franchisee.

9. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the remaining provisions of this Agreement will remain in full force and effect. The Parties further expressly agree that if the scope of enforceability of the terms hereof is disputed at any time, a court or arbitrator, as the case may be, may modify such terms to the extent that it deems necessary to make such provisions enforceable under applicable law.

***[Signature Page Follows]***

**IN WITNESS WHEREOF**, the Parties have signed this Nondisclosure and Noncompetition Agreement on the date first above written.

| **FRANCHISEE:** | **ASSOCIATE:** |
|---|---|
| _____ | _____ |
| By: _____ | By: _____ |
| Title: _____ | Print Name: _____ |
| Date: _____ | Date: _____ |

# EXHIBIT D

# MOD Pizza

# AREA DEVELOPMENT AGREEMENT, INCLUDING STATE ADDENDA

**MOD Pizza**

# FRANCHISE DISCLOSURE DOCUMENT

# EXHIBIT D

# AREA DEVELOPMENT AGREEMENT

**Area Developer:**_____

**Date:**_____

**Territory:**_____

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ATTACHMENTS

ATTACHMENT A TERRITORY, DEVELOPMENT FEE AND DEVELOPMENT SCHEDULE

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made, entered into and effective on _____, by and between MOD Super Fast Pizza Franchising, LLC, a Delaware limited liability company ("**Franchisor**"), and _____ a(n) _____ ("**Area Developer**").

## INTRODUCTION

The Franchisor has developed a distinctive business system for operating and franchising restaurants featuring "made on demand" artisan pizzas, salads, desserts, alcoholic and nonalcoholic beverages, and other distinctive Foods, Beverages and Products which are associated with the Marks (as defined below), copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising and instructions promulgated by the Franchisor ("**Restaurant System**"), and has extensively publicized the name "**MOD Pizza®**" to the public as an organization of restaurant businesses operating under the Restaurant System.

The Franchisor has the right and authority to license the use of the name "**MOD Pizza®**" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by the Franchisor in writing now owned, licensed or developed by the Franchisor ("**Marks**") for use in connection with the Restaurant System to selected persons, businesses or Entities that will comply with the Franchisor's uniformity requirements and quality standards.

The Franchisor will continue to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages and Products marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service.

The Area Developer desires to enter into Franchise Agreements with the Franchisor to develop, own and operate MOD Pizza® Restaurants ("**MOD Pizza Restaurants**" or the "**Restaurants**") in the area set forth in Article 2 in conformity with the Restaurant System and the Franchisor's uniformity requirements and quality standards established and promulgated from time to time by the Franchisor.

Pursuant to the above Introduction and in consideration of the mutual promises and covenants set forth in this Agreement, the Franchisor and the Area Developer agree and contract as follows:

## 1. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Franchise Agreement. "**Franchise Agreement**" will mean the Franchisor's then-current standard Franchise Agreement.

1.2 Terms Defined in Franchise Agreement. Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement.

## 2. GRANT OF DEVELOPMENT RIGHTS; TERRITORY

2.1 Territory. The Franchisor hereby grants to the Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with the Franchisor for the development and operation of MOD Pizza Restaurants to be located within the "**Territory**" defined as the geographical area described and delineated in **Attachment A**. This Agreement will not constitute the sale of a Franchise to the Area Developer, but rather will give the Area Developer the right to enter into Franchise Agreements with the Franchisor to own and operate franchised MOD Pizza Restaurants in the Territory.

2.2 Exceptions. The rights and privileges granted to the Area Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement. During the Term (as defined below) of this Agreement, so long as the Area Developer is not in default of this Agreement and any other agreement between Area Developer (or an Affiliate of Area Developer) and the Franchisor, the Franchisor will not grant to any other person or Entity a Franchise to open or operate a MOD Pizza Restaurant utilizing the Restaurant System or the Marks within the Territory, and will not establish another franchised or company-owned or Affiliate-owned MOD Pizza Restaurant within the Territory. Notwithstanding the foregoing, the Franchisor and its Affiliates will have the absolute right to:

(a) Develop other restaurant business concepts under other brand names, provided such concepts are not Competitive Restaurants, even if the locations for the concepts are within the Territory;

(b) Develop MOD Pizza Restaurants and/or Competitive Restaurants in the Territory if they are located on a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, a stadium or arena used for sporting events and/or a casino;

(c) Market, distribute and sell, on a wholesale or retail basis, packaged food products or other goods under any of the Marks or other brand names, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if such sales are made to customers, distributors or retailers who are located in the Territory; and

(d) Own, operate, manage, franchise and/or license other individuals or Entities to own, manage and/or operate Competitive Restaurants in the Territory if the Franchisor or an Affiliate of the Franchisor derived its Ownership Interests or other rights to such restaurants as part of an acquisition or purchase of a majority of the Ownership Interests in, or substantially all of the assets of, another Entity.

2.3 Proprietary Marks and Confidential Information. Notwithstanding any provision to the contrary under this Agreement, the Area Developer understands and agrees that this Agreement does not grant the Area Developer any right to use the Marks or to use any of the Franchisor's

Confidential Information. Rights to the Marks and Confidential Information are granted only under the Franchise Agreements to be executed by the Franchisor and the Area Developer.

2.4 Conditions. The Area Developer hereby undertakes the obligation to develop and open franchised MOD Pizza Restaurants using the Restaurant System in the Territory in strict compliance with the terms and conditions of this Agreement for the Term of this Agreement. The rights and privileges granted to the Area Developer by the Franchisor under this Agreement are applicable only in the Territory, are personal in nature, and may not be used elsewhere or in any other area by the Area Developer.

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

## 3. TERM

Unless sooner terminated in accordance with the terms of this Agreement, this Agreement and all rights granted hereunder will be in effect for a term ("**Term**") ending on the date of the Franchisor's acceptance and execution of a Franchise Agreement for the last Franchised Restaurant granted under this Agreement. This Agreement will not be enforceable until it has been signed by both the Area Developer and the Franchisor. At the end of the term of this Agreement, the Area Developer's exclusive development rights with respect to the Territory will automatically terminate, and the Area Developer will not have the right to renew or extend the term of this Agreement.

## 4. FEES PAYABLE TO THE FRANCHISOR

4.1 Initial Franchise Fees and Corresponding Franchise Agreements.

(a) First Restaurant. Upon executing this Agreement, the Area Developer must execute a Franchise Agreement for its first Restaurant that the Area Developer is required to open and operate under this Agreement ("**First Restaurant**"). Upon executing such Franchise Agreement for the First Restaurant, the Area Developer must pay the corresponding Initial Franchise Fee of $30,000 relating to such First Restaurant. Such Initial Franchise Fee will be nonrefundable under any circumstances and will be fully earned by the Franchisor when it is paid by the Area Developer.

(b) Second and Any Subsequent Restaurant. For the second and any subsequent Restaurant Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 5.1 of this Agreement (collectively, the "**Second and Any Subsequent Restaurants**"), the Area Developer will pay to the Franchisor the Initial Franchise Fee included in the Franchisor's then-current standard Franchise Agreement on the day the Area Developer enters into the respective Franchise Agreements for such Second and Any Subsequent Restaurants.

4.2 Development Fee. Upon executing this Agreement, the Area Developer will pay the Franchisor a development fee ("**Development Fee**") in an amount equal to $10,000 times the

total number of MOD Pizza Restaurants that the Area Developer is committed to develop under the Development Schedule. For the avoidance of doubt, the amount of the Development Fee is set forth in **Attachment A** of this Agreement. The Development Fee will be nonrefundable and will be fully earned by the Franchisor when the Development Fee is paid by the Area Developer even if Area Developer fails to develop any MOD Pizza Restaurants under the terms of this Agreement. The Development Fee is payment to the Franchisor for granting the Area Developer the exclusive rights, as set forth in this Agreement, to develop MOD Pizza Restaurants in the Territory.

4.3 Timing Involving Leases for Proposed Sites. The Area Developer will not purchase or lease the property for the proposed site for the Franchised Location of any Restaurant until the Area Developer has signed the corresponding Franchise Agreement with the Franchisor for such Restaurant and has complied with the applicable provisions of the corresponding Franchise Agreement relating to the selection of the site for the Franchised Location.

4.4 Continuing Fee. During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay the Franchisor a Continuing Fee, as defined in each corresponding Franchise Agreement.

4.5 Marketing Fee; Other Fees. During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay the Franchisor the Marketing Fees, as defined in each corresponding Franchise Agreement.

## 5. DEVELOPMENT SCHEDULE

5.1 Development Schedule. The Area Developer acknowledges and agrees that the Development Schedule set forth in **Attachment A** is a material provision of this Agreement. For purposes of determining compliance with the Development Schedule set forth in this Article, only the Area Developer's Restaurants actually open and continuously operating in the Territory as of a given date will be counted toward the number of MOD Pizza Restaurants required to be open and continuously operating. The Area Developer understands that non-traditional MOD Pizza Restaurants operated by the Area Developer pursuant to an agreement with the Franchisor that is separate from this Agreement will not be counted towards the Area Developer's obligations under the Development Schedule. Notwithstanding any provision in the Franchise Agreement to the contrary, the Area Developer will be required to open the MOD Pizza Restaurants developed by the Area Developer under this Agreement according to the development dates set forth above in the Development Schedule, and the Franchise Agreement for each of the Area Developer's Restaurants will be deemed to be amended accordingly.

5.2 Reasonableness of Development Schedule. The Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of MOD Pizza Restaurants within the Territory, and approves of the Development Schedule as being reasonable and viable.

5.3 Compliance Week Bank. For purposes of compliance with the Development Schedule, the Area Developer will have a "**Compliance Week Bank**" that will provide credit for early openings of Restaurants, and will allow for late opening of a Restaurant without placing the Area Developer in default, on the terms set forth in this Article 5.3. The Area Developer will begin

with a balance in the number of weeks set forth in **Attachment A** as of the date of this Agreement. If the Area Developer opens a Restaurant before the Required Opening Date, the Area Developer's Compliance Week Bank balance will be increased by one week for each full week by which the actual opening date preceded the Required Opening Date. If the Area Developer opens a Restaurant after the Required Opening Date, the Area Developer's Compliance Week Bank balance will be decreased by one week for each full week by which the actual opening date occurred after the Required Opening Date. If the Area Developer opens a Restaurant after the Required Opening Date, the Area Developer will be entitled to an extension of the opening date, without creating a default under this Agreement and without payment of a Late Opening Fee pursuant to Article 5.4, for a number of weeks equal to or less than the Area Developer's then-current Compliance Week Bank balance (up to a maximum of 26 weeks per Restaurant), and upon opening of the Restaurant the Compliance Week Bank balance will be reduced by the number of weeks or partial weeks between the Required Opening Date and the actual Restaurant opening date. Area Developer further acknowledges and agrees that Area Developer's utilization of the Compliance Week Bank for any particular Restaurant does not change the Development Schedule in any way for any other Restaurants required to be opened under this Agreement.

5.4 Extension of Development Schedule.

(a) If the Area Developer does not open a Restaurant by the Required Opening Date, and does not have a positive balance in its Compliance Week Bank as set out in Article 5.3, the Area Developer will have the right to an extension of up to 26 weeks from the Required Opening Date, provided the Area Developer has obtained site approval from the Franchisor for the number of sites necessary at that time to achieve compliance with the Development Schedule, upon written notice to the Franchisor before the Required Opening Date stating that the Area Developer will not be able to meet the deadline and agreeing to pay a "**Late Opening Fee**" on Monday of each week beginning as of the Required Opening Date and continuing until the actual opening date. The Late Opening Fee will be $1,000 per week. If the Area Developer fails to have the Restaurant open and operating on or before the end of the 26-week extension period, then the Area Developer will be in breach of this Agreement.

(b) Notwithstanding the foregoing Article 5.4(a), if the Area Developer establishes by written notice to the Franchisor that its failure to have the Restaurant open is the result of an act of God, strike, lockout or other industrial disturbance, war, riot, epidemic, fire or other natural catastrophe or other force or circumstances beyond the reasonable control of the Area Developer ("**Force Majeure Event**"), then the deadline for the Restaurant to open will be extended by two months from the date of the Force Majeure Event, without resorting to the Compliance Week Bank or payment of a Late Opening Fee. Following the end of the Force Majeure Event, the Area Developer will provide written notice to the Franchisor setting forth the Area Developer's plan to resume development and open the Restaurant by a date that is reasonable under the circumstances, but in any event no later than two months following the date of the Force Majeure Event.

5.5 Failure to Comply with Development Schedule. If the Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (i.e., does not have the required number of MOD Pizza Restaurants open and operating in the Territory as of

the Required Opening Dates specified in the Development Schedule and has no extensions of the opening date available pursuant to Article 5.3 or Article 5.4), then the Franchisor will have the right to terminate this Agreement immediately upon written notice to the Area Developer. Termination of this Agreement as a result of the Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the MOD Pizza Restaurants opened and operating in the Territory pursuant to this Agreement which were signed by the parties prior to termination of this Agreement; however, upon termination of this Agreement, all rights to open and operate additional MOD Pizza Restaurants in the Territory and all other rights granted to the Area Developer under this Agreement will immediately revert to the Franchisor, without affecting those obligations of the Area Developer that continue beyond the termination of this Agreement.

5.6 Termination for Failure to Comply with Development Schedule. If this Agreement is terminated by the Franchisor because of the Area Developer's failure to meet the Development Schedule, the rights and duties of the Franchisor and the Area Developer will be as follows: (a) the Area Developer will have no rights to open additional MOD Pizza Restaurants within the Territory; (b) the Area Developer will continue to pay all required Fees and to operate its Restaurants opened in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements; (c) the Franchisor will have the absolute right to Develop MOD Pizza Restaurants in the Territory or to contract with other persons for the development of additional Restaurants in the Territory; (d) the Area Developer will have no right to obtain a refund of any monies it paid to the Franchisor pursuant to this Agreement or the Franchise Agreements; and (e) the Area Developer and the Franchisor will not have any rights or obligations with respect to the Franchise Agreements required to be signed pursuant to the Development Schedule in Article 5.1, but which were not executed prior to the termination of this Agreement by the Franchisor because of the Area Developer's failure to comply with the Development Schedule.

## 6. OTHER OBLIGATIONS OF AREA DEVELOPER

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

6.2 Execution of Franchise Agreements. For each MOD Pizza Restaurant that will be opened and operated by the Area Developer in the Territory pursuant to this Agreement, the Area Developer or an Entity in which (a) the Area Developer is the Owner of at least 50.1% of the Ownership Interests in the Entity or (b) the Area Developer's Owners are the Owners of at least 50.1% of the Ownership Interests in the Entity ("**Controlled Entity**") must execute the Franchisor's then-current standard Franchise Agreement and comply with the other requirements of this Agreement. The failure of the Area Developer or the Controlled Entity to provide the Franchisor with an executed Franchise Agreement within the time specified in Article 4.1 and the

Development Schedule will constitute a material breach of this Agreement, and the Franchisor will have the right to terminate this Agreement as provided for herein. If the Franchise Agreement required to be executed pursuant to this Article (and the other applicable provisions of this Agreement) will be executed by the Controlled Entity, then: (i) the Area Developer (or the Area Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 50.1% Ownership Interest in the Controlled Entity and (ii) the Area Developer will not be relieved from complying with the terms, conditions and the Area Developer's obligations set forth in this Agreement. If the Area Developer elects to have a Controlled Entity execute the Franchise Agreement for any MOD Pizza Restaurant being developed under this Agreement, then all terms, conditions and obligations under this Agreement relating to compliance with the Franchise Agreement for that Restaurant will be the obligation of the Controlled Entity, and not the Area Developer.

6.3 Local Marketing; Other Payments. During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will be required to spend monies for items such as grand opening advertising and promotion, approved Local Marketing, and other related expenses, as defined and set forth in each corresponding Franchise Agreement.

6.4 Modifications to Franchise Agreement. The Area Developer acknowledges that (a) the terms, conditions and economics of the Franchise Agreement may be modified from time to time by the Franchisor, (b) reasonable modifications and amendments to the Franchise Agreement will not alter the Area Developer's obligations under this Agreement, (c) any changes or modifications made to the Franchise Agreement in the future will not be applicable to any Franchise Agreement previously executed by the Area Developer, and (d) the Area Developer will be required to pay any additional Fees contained in any Franchise Agreement signed by the Area Developer after the date of this Agreement.

6.5 Area Developer's Name. The Area Developer will not use the word "MOD," the Mark "MOD Pizza®" or any name that is confusingly similar to any of the words used in any of the Marks in the name of any Entity formed by the Area Developer or any Affiliate of the Area Developer. The Area Developer will at all times hold itself out to the public as an independent contractor operating its Restaurants pursuant to Franchise Agreements with the Franchisor. The Area Developer will file for a certificate of assumed name in the manner required by applicable state law to notify the public that the Area Developer is operating its Restaurants as an independent contractor.

6.6 Interests of Area Developer. If the Area Developer is an Entity, it will be dedicated solely to the development and operation of the Area Developer's Restaurants in the Territory and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of the Franchisor. If the Area Developer is an individual, he or she will not hold any interest in, operate, or manage any Competitive Business without the prior written approval of the Franchisor.

6.7 Designation of MOD Operator. When the Area Developer signs this Agreement, the Area Developer will designate an individual as the "**MOD Operator**." If the Area Developer is an individual, then the MOD Operator will be the Area Developer. If the Area Developer is an

Entity, the designated MOD Operator must have at least five years of multi-unit restaurant management experience including profit and loss responsibility, and must be experienced in all aspects of restaurant operations including hiring, scheduling, purchasing, training, portion control, food and service quality, employee productivity and supervision, customer relations, restaurant marketing, compliance with federal, state and local laws, financial accounting, cost controls and operational criteria described in the Franchise Support Guide. As a member of the Management Staff, the MOD Operator must successfully complete all training programs required under each of the Franchise Agreements entered into by the Area Developer pursuant to this Agreement. The MOD Operator will, during the entire period he or she serves as the MOD Operator, devote his or her full time and best efforts to the supervision, conduct and operations of the Area Developer's Restaurants. The MOD Operator will execute the Personal Guaranty of this Agreement in the form attached hereto ("**Personal Guaranty**") and execute this Agreement as one of the Owners of the Area Developer if he or she is the Owner of at least 10% of the issued and outstanding Ownership Interests in the Area Developer. If during the term of this Agreement, the MOD Operator is not able or is not qualified to continue to serve in the capacity of MOD Operator, then the Area Developer will promptly notify the Franchisor in writing and will designate a duly qualified replacement MOD Operator within 30 days after the former MOD Operator ceases to serve in that capacity.

6.8 Online Ordering System. The Franchisor reserves the right to establish and/or facilitate a branded digital ordering and payment software platform ("**Online Ordering System**") for the purpose of enhancing customer service throughout the Restaurant System. The Area Developer hereby agrees to participate in such Online Ordering System at each of the Restaurants that the Area Developer will operate pursuant to this Agreement. Accordingly, the Area Developer agrees to comply with all requirements established by the Franchisor in connection with the Online Ordering System as set forth in the Franchise Support Guide. The Area Developer acknowledges and agrees that the Franchisor reserves the right to establish such an Online Ordering System, and has no obligation to do so. The Area Developer further acknowledges and agrees that the Franchisor also reserves the right to modify or discontinue any such Online Ordering System once it has been established.

6.9 Gift Cards; Guest Loyalty Programs. The Area Developer will not create or issue any gift certificates or gift cards and will only sell gift certificates or gift cards that have been issued by the Franchisor that are accepted at all MOD Pizza Restaurants. The Area Developer will participate in all gift certificate and/or gift card administration programs as may be designated by the Franchisor from time to time. The Area Developer will honor all coupons, gift certificates, gift cards and other programs or promotions as directed by the Franchisor, even if the Area Developer is not required by the Franchisor to actively offer or promote such programs or promotions within the respective Protected Areas of MOD Pizza Restaurants developed pursuant to this Agreement. The Area Developer will fully participate in all guest loyalty or frequent customer programs approved by the Franchisor, even if the Area Developer is not required by the Franchisor to actively promote such programs within the respective Protected Areas of MOD Pizza Restaurants developed pursuant to this Agreement. The Area Developer acknowledges that a guest loyalty program may include technology and system components or applications involving third-party vendors identified by the Franchisor, and the Area Developer agrees to timely execute and deliver such documents, contracts, or agreements as the Franchisor may reasonably require to facilitate such programs. The Area Developer will not issue coupons or discounts of any type for use at its

Restaurants except as approved by the Franchisor in writing, which may be withheld in its sole and absolute discretion.

## 7. TRANSFER

7.1 Transfer of Agreement by the Franchisor. This Agreement may be unilaterally Transferred by the Franchisor to a person or Entity without the approval of the Area Developer and will inure to the benefit of the successors and assigns of the Franchisor. The Franchisor will provide the Area Developer with written notice of any such Transfer, and the Transferee (as that term is defined below) will be required to fully perform all obligations of the Franchisor under this Agreement.

7.2 Transfer of Agreement by Individual Area Developer. If the Area Developer is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of the Area Developer, this Agreement may be Transferred by the Area Developer to any designated person or beneficiary ("**Beneficiary**") without the payment of any Transfer Fee and without complying with Article 10. However, the Transfer of this Agreement to the Area Developer's Beneficiary will be subject to the provisions of Article 7.3(b) - (i) of this Agreement, and will not be valid or effective until the Franchisor has received the properly executed legal documents which its attorneys deem necessary to document the Transfer of this Agreement. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement. There will be no charge to the Beneficiary for the initial training program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Area Developer. In addition, this Agreement may be Transferred to an Entity without the payment of a Transfer Fee and without complying with Article 10 if the Area Developer is an individual or is owned in a general partnership, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

7.3 Conditions to Transfer of Agreement by Area Developer. Subject to the provisions of Article 10, the Area Developer will not Transfer any interest in or any part of this Agreement to any person or Entity ("**Transferee**") without the prior written approval of the Franchisor. The Franchisor will not withhold its written consent to any Transfer of this Agreement if the Transfer does not violate any of the terms of this Agreement, if the Franchisor does not exercise its rights under Article 10 of this Agreement, and if the Area Developer and/or the Transferee are in full compliance with the following terms and conditions:

(a) the Area Developer has provided written notice to the Franchisor of the proposed Transfer of this Agreement at least 45 days prior to the closing of the transaction;

(b) all of the Developer's monetary obligations due to the Franchisor have been paid in full, and the Area Developer is not otherwise in default under this Agreement;

(c) the Area Developer has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement;

(d) the Area Developer has executed a release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and its Executive Management,

Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that the Franchisor and the Area Developer may specifically exclude from the coverage of the release any prior or concurrent written agreements or Franchise Agreements between them for other MOD Pizza Restaurants operated by the Area Developer;

(e) the Transferee has demonstrated to the satisfaction of the Franchisor that he, she or it meets the managerial, financial and business standards required by the Franchisor for new area developers, possesses a good business reputation and credit rating, as solely determined by the Franchisor, and that its Executive Management possesses the aptitude and ability to operate the MOD Pizza Restaurants in the Territory in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), as solely determined by the Franchisor;

(f) the Transferee and all of the Transferee's Owners execute a Personal Guaranty, if required by the Franchisor;

(g) the Transferee and the Transferee's Owners execute the legal agreements required by the Franchisor or its legal counsel to document the Transfer of this Agreement to the transferee Area Developer; and

(h) the Transferee and its Management Staff, as defined in the Franchise Agreement, have successfully completed the initial training program then prescribed by the Franchisor to the satisfaction of the Franchisor.

The Area Developer will not under any circumstances have the right to Transfer unexercised development rights under this Agreement unless the Transfer also includes Transfer of all operating MOD Pizza Restaurants operated by the Area Developer and/or any Controlled Entity.

7.4 Transfer of Ownership Interest. No Owner will have the right to Transfer an Ownership Interest in the Area Developer without the prior written approval of the Franchisor. The Franchisor will not withhold its written consent if the Transfer of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if the Franchisor does not exercise its right of first refusal to acquire the Ownership Interest in the Area Developer pursuant to Article 10.7. A Transfer by an Owner of the Area Developer to (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of the Area Developer will, not be subject to the provisions of Articles 7.6 and 10.7 provided that: (i) the Transfer has been approved in writing by the Franchisor and (ii) the Area Developer's Owner has complied with all of the provisions of this Agreement applicable to an Owner, as solely determined by the Franchisor.

7.5 Acknowledgment of Restrictions. The Area Developer and Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Area Developer and all other area developers and

franchisees who have been granted the right to operate MOD Pizza Restaurants. Any Transfer permitted by this Article 7.5 will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing. Any attempted Transfer made without complying with the requirements of this Article will be void.

7.6 Transfer Fee. If this Agreement is Transferred to another person or Entity, or if any of the Owners transfer any Ownership Interest in the Area Developer to a third party, then except as provided for in Articles 7.2 and 7.4, the Area Developer will pay the Franchisor a fee equal to 30% of the Franchisor's then-current initial franchise fee for a single franchise ("**Transfer Fee**"). The Area Developer will pay 60% of the Transfer Fee amount with the Area Developer's request for approval of the Transfer, and will pay the balance upon closing on the Transfer transaction. The Transfer Fee is to cover the costs incurred by the Franchisor in connection with the Transfer. The Franchisor also reserves the right to charge the Transferee its Per-Diem Training Fee to cover the costs to provide the initial training program to the Transferee and its Management Staff. The Transferee will also be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all personnel attending the initial training program on behalf of the Transferee.

7.7 Transfer to Competitor Prohibited. The Area Developer and the Owners will not Transfer this Agreement or their Ownership Interests in the Area Developer to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant. If the Franchisor refuses to permit a Transfer of this Agreement under this provision, then the Area Developer's and the Owners' only remedy will be to have a mediator or arbitrator determine whether the proposed transferee owns or operates a Competitive Restaurant.

## 8. TERMINATION RIGHTS OF THE FRANCHISOR

8.1 Immediate Termination Rights of the Franchisor. The Area Developer will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from the Franchisor and without an opportunity to cure the default unless precluded by applicable law or otherwise as stated herein, if any of the following events occur:

(a) the Area Developer fails to comply with the Development Schedule set forth in Article 5.1 and has no extensions of the opening date available pursuant to Article 5.3 or Article 5.4;

(b) the Area Developer voluntarily or otherwise Abandons any of the Area Developer's Restaurants;

(c) the Area Developer materially violates any federal, state or municipal law, rule, code or regulation applicable to the operations of the Area Developer's Restaurants, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any of the customers or guests of the Area Developer's Restaurants;

(d) the Area Developer, the MOD Operator, or any of its Executive Management or Owners are convicted of, or plead guilty to or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on the Area Developer's right or ability to operate the Restaurants or could have a material adverse effect on the Marks;

(e) the Area Developer breaches any material provision, term or condition of this Agreement;

(f) the Area Developer fails to timely pay any of its uncontested obligations or liabilities (where there is no reasonable commercial dispute) due and owing to the Franchisor, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government;

(g) any check issued by the Area Developer is dishonored because of insufficient funds (except where the check is dishonored because of bank error or an error in bookkeeping or accounting) or closed accounts;

(h) the Area Developer is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer and the Area Developer is unable, within a period of 60 days from such filing, to obtain the dismissal of the involuntary petition, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(i) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(j) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with "MOD Pizza®," any other of the Marks or with the Restaurant System and the Area Developer fails to correct the breach within 24 hours after receipt of written notice of the breach from the Franchisor;

(k) any Franchise Agreement between the Area Developer (or a Controlled Entity) and the Franchisor is terminated by either party for any reason;

(l) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(m) any check issued by the Area Developer is dishonored because of insufficient funds (except where the check is dishonored because of bank error or an error in bookkeeping or accounting) or closed accounts;

(n) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with "MOD Pizza®," any other of the Marks or the Restaurant System;

(o) the Area Developer fails to designate a duly qualified replacement MOD Operator within 30 days after the former MOD Operator ceases to serve in that capacity;

(p) the Area Developer, an affiliated Entity or an Owner breaches any Franchise Agreement or any other agreement between such person or Entity and the Franchisor or an Affiliate; or

(q) any Franchise Agreement between the Area Developer (or a Controlled Entity) and the Franchisor is terminated by either party for any reason.

If this Agreement is terminated by the Franchisor pursuant to this Article 8.1, then the Franchisor will give the Area Developer written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Area Developer. If notice of termination is given to the Area Developer by the Franchisor pursuant to Article 8.1(e), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if the Area Developer fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

8.2 Other Remedies. Nothing in this Article will preclude the Franchisor from seeking other remedies or damages under any state or federal law, common law, or under this Agreement against the Area Developer including, but not limited to, attorneys' fees, and injunctive relief. If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Area Developer breaches or violates this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then the Franchisor will be entitled to seek recovery of all the damages that the Franchisor has sustained and will sustain in the future as a result of the Area Developer's breach of this Agreement. If this Agreement is terminated due to the Area Developer's failure to meet the Development Schedule, the Area Developer will, within 10 days of the effective date of termination, pay the Franchisor damages in the amount of any unpaid fees owed to the Franchisor pursuant to Article 4. The foregoing will not limit the Franchisor's rights under any Franchise Agreements between the Franchisor and the Area Developer.

8.3 Franchisor's Right to Acquire Existing MOD Pizza Restaurants. In addition to all of the other rights granted to Franchisor in this Article 8 upon termination of this Agreement, Franchisor has the right to acquire from Area Developer or its approved operating Affiliate, any MOD Pizza Restaurants currently open and operating in the Territory. The acquisition shall be made in accordance with the terms of the individual Franchise Agreement for each MOD Pizza Restaurant and the purchase price shall be calculated in accordance with the terms and procedures set forth in the Franchise Support Guide.

## 9. OBLIGATIONS UPON TERMINATION OR EXPIRATION

9.1 Obligations upon Termination; Reversion of Rights. Upon termination of this Agreement for any reason, all rights to open and operate additional MOD Pizza Restaurants in the Territory and all other rights granted to the Area Developer pursuant to this Agreement will automatically revert to the Franchisor, and the Franchisor will have the right to develop the Territory or to contract with another area developer for the future development of the

Territory. In addition, the Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement.

9.2 Franchise Agreements Not Affected. The Area Developer will continue to operate the MOD Pizza Restaurants operated by the Area Developer in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer and the Franchisor prior to the termination of this Agreement, and the rights and obligations of the Area Developer and the Franchisor with respect to the Area Developer's Restaurants in the Territory will be governed by the terms of the applicable Franchise Agreements.

9.3 Continuation of Obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

9.4 Franchisor's Right to Acquire the Restaurant. In addition to all of the other rights granted to the Franchisor in this Article 9 upon termination of this Agreement, if the Area Developer has opened any MOD Pizza Restaurants pursuant to this Agreement, then the Franchisor has the right to acquire all right, title and interest in the assets of such MOD Pizza Restaurants, including all real property owned by the Area Developer or its Affiliates from which the MOD Pizza Restaurant is operated, from Developer. Franchisor must notify the Area Developer its intention to acquire any MOD Pizza Restaurants at the time Franchisor sends the final notice of termination and must comply with all other provisions related to the acquisition set forth in the Franchise Support Guide. In addition, the parties agree that the purchase price for any such MOD Pizza Restaurants will be calculated in accordance with the terms and procedures set forth in the Franchise Support Guide.

## 10. OPTION OF THE FRANCHISOR TO PURCHASE

10.1 Terms of Option. The Area Developer will not Transfer or otherwise dispose of any interest in or any part of (i) the Area Developer's interest in this Agreement, including the right of the Area Developer to develop MOD Pizza Restaurants in the Territory, or (ii) any Ownership Interest in the Area Developer (collectively, the "**Major Assets**") to any purchaser without first offering the same to the Franchisor in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment terms ("**Area Developer's Offer**"). The Franchisor will have 30 days after receipt of the Area Developer's Offer to give the Area Developer written notice of the Franchisor's desire to either waive its option to purchase ("**Waiver Notice**") or its intention to exercise its rights to purchase or acquire the Major Assets according to the terms contained in the Area Developer's Offer ("**Notice of Intent to Purchase**").

10.2 Due Diligence Review. If the Franchisor provides the Area Developer with a Notice of Intent to Purchase within 30 days after receipt of the Area Developer's Offer, then the Franchisor will have 90 days after the date the Notice of Intent to Purchase is received by the Area Developer ("**Notice Date**") to conduct a "**due diligence**" review. The Area Developer will promptly provide the Franchisor with all Financial Records and other information requested by the Franchisor or its representatives to conduct its due diligence review. The Franchisor will have

the absolute and unconditional right to terminate the Notice of Intent to Purchase and any obligation to purchase the Major Assets from the Area Developer for any reason and at any time during the 90-day due diligence review period by giving the Area Developer written notice.

10.3 Good Faith Negotiations. Unless the Franchisor terminates its Notice of Intent to Purchase as provided in Article 10.2, then the Area Developer and the Franchisor will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in the Area Developer's Offer) and the closing date for the sale of the Major Assets to the Franchisor will take place within 120 days after the Notice Date.

10.4 Sale to Purchaser. The Area Developer will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Area Developer's Offer to the Franchisor, if (a) the Franchisor delivers a Waiver Notice to the Area Developer, (b) the Franchisor fails to deliver either a Waiver Notice or the Notice of Intent to Purchase to the Area Developer within 30 days after receiving the Area Developer's Offer, (c) the Franchisor terminates its Notice of Intent to Purchase during the due diligence period pursuant to the provisions of Article 10.2, or (d) the Area Developer and the Franchisor fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by the Franchisor from the Area Developer (other than those terms and conditions contained in the Area Developer's Offer) on or before the 120th day after the Notice Date.

10.5 Negotiated Changes with Purchaser. If the Franchisor does not purchase the Major Assets from the Area Developer under the terms and conditions contained in the Area Developer's Offer, then if during any negotiations with a purchaser the Area Developer agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Area Developer's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by the Area Developer during negotiations that were not acceptable to the Franchisor, then the Area Developer will be required to re-offer to sell the Major Assets to the Franchisor under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article, and the Area Developer's failure to do will be a material breach of this Agreement.

10.6 Compliance with Agreement. The Area Developer's obligations under this Agreement will in no way be affected or changed because of non-acceptance by the Franchisor of the Area Developer's Offer and, as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by the Franchisor not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant the Area Developer the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if the Franchisor does not exercise the option to purchase granted to it pursuant to this Article and if the Area Developer sells or otherwise disposes of its Major Assets to a third party, then both the Area Developer and the purchaser will be required to comply in all respects with the terms and conditions of Article 7 of this Agreement. Any Transfer of the Area Developer's Restaurants that does not include a Transfer of this Agreement to the transferee will constitute a wrongful termination of this Agreement by the Area Developer.

10.7 Transfer of Ownership Interest. The Ownership Interests owned by the Area Developer or by the Owners of the Area Developer may not be Transferred or otherwise disposed of by the Area Developer or the Owners until the Ownership Interests have first been offered to the Franchisor in writing. If the Area Developer or the Owners desire to Transfer their Ownership Interests, then they will first offer the Ownership Interests in the Area Developer to the Franchisor in writing under the same terms and conditions as being offered to any party. The Franchisor will have 30 days within which to accept any offer to purchase the Owner's Ownership Interest in the Area Developer. The Owner will be required to comply with the provisions of Article 7.4 if the Franchisor does not exercise its right to purchase the Owner's Ownership Interest.

10.8 Acknowledgment of Restrictions. The Area Developer and the Owners acknowledge and agree that the restrictions on Transfer imposed herein are reasonable and are necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Area Developer and all other area developers and franchisees who develop and operate MOD Pizza Restaurants. Any Transfer permitted by this Agreement will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing.

10.9 Bankruptcy Issues. If the Area Developer or any person or Entity holding any Ownership Interests (direct or indirect) in the Area Developer becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of the Area Developer's obligations and/or rights hereunder, any material assets of the Area Developer, or any indirect or direct interest in the Area Developer will be subject to all of the provisions of this Article.

## 11. REPRESENTATIONS, WARRANTIES AND COVENANTS OF AREA DEVELOPER

11.1 Organization. If the Area Developer is a corporation, limited liability company, partnership or other entity, then the Area Developer and the Owners represent, warrant and covenant that:

(a) The Area Developer is duly organized and validly existing under the law of the state or territory where formed;

(b) The Area Developer is duly qualified and is authorized to do business in the jurisdiction where the MOD Pizza Restaurants will be located and in each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required;

(c) The Area Developer's articles of incorporation, by-laws, operating agreement, member control agreement, partnership agreement or other organizational documents ("**Organizational Documents**") will at all times provide that the Area Developer's business activities will be confined exclusively to the development and operation of the MOD Pizza Restaurants, unless otherwise consented to in writing by the Franchisor;

(d) The execution of this Agreement and the consummation of the transactions contemplated by this Agreement and the Franchise Support Guide are within the powers granted to the Area Developer by the Organizational Documents and have been duly authorized and approved by the Area Developer or by the board of directors, board of governors, managing partner or other governing body of the Area Developer;

(e) Copies of all Organizational Documents and any other documents, agreements or resolutions in the Area Developer's possession will be provided to the Franchisor upon written request;

(f) The names of the Owners of the Area Developer and their Ownership Interests in the Area Developer are accurately stated and completely described in the Owners' statement attached to this Agreement;

(g) The Area Developer will at all times maintain a current schedule of the Owners of the Area Developer and their Ownership Interests, and the Area Developer will immediately provide the Franchisor with a copy of the updated Ownership schedule whenever there is any change of Ownership. The Ownership schedule will contain the name, address, telephone number and e-mail address of each Owner of the Area Developer and will state the percentage of Ownership that each Owner has in the Area Developer;

(h) If any person or entity ceases to be one of the Area Developer's Owners, or if any individual or entity becomes an Owner of the Area Developer, then the Area Developer will notify the Franchisor in writing and within five days the Area Developer will require the new Owner to execute all documents required by the Franchisor;

(i) The Area Developer's Organizational Documents and any documents representing Ownership in the Area Developer will provide that no Ownership Interest in the Area Developer may be assigned or transferred to any person or entity unless it is in strict compliance with the terms, conditions and restrictions contained in this Agreement;

(j) The Area Developer has no material liabilities, adverse claims, commitments or obligations of any nature as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to the Franchisor in writing or set forth in the financial statements of the Area Developer that have been provided to the Franchisor;

(k) Each of the Area Developer's Owners who owns at least 10% of the issued and outstanding Ownership Interests in the Area Developer will execute the Personal Guaranty attached hereto;

(l) The Area Developer will, at all times, maintain sufficient working capital to operate the MOD Pizza Restaurants and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill the Area Developer's obligations to maintain, remodel and modernize the MOD Pizza Restaurant premises as required under the Franchise Agreements; and

(m) The representations, warranties and covenants contained in this Article are continuing obligations of the Area Developer and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Agreement.

11.2 Compliance with Agreement. The Area Developer and the Owners represent, warrant and covenant that they will comply with all requirements and will perform all obligations in accordance with the terms and conditions of this Agreement.

## 12. AREA DEVELOPER'S COVENANTS NOT TO COMPETE

12.1 Consideration. The Area Developer and the Owners acknowledge that the Area Developer, the MOD Operator, its Owners, Executive Management and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the MOD Pizza Restaurants. In consideration for this information, the Area Developer and the Owners will comply in all respects with the provisions of this Article. The Franchisor has advised the Area Developer that this provision is a material provision of this Agreement, and that the Franchisor will not enter into a development agreement with any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant; however, the Franchisor may, under certain circumstances, exclude from the coverage of Articles 12.2 and 12.3 existing operational restaurant(s) and operated by the Area Developer on the date of this Agreement, and the Area Developer may, with the express written consent of the Franchisor, continue to own and operate such restaurants during the term of this Agreement and thereafter. The Area Developer warrants and represents that it does not, except as disclosed to and approved by the Franchisor pursuant to this Article 12.1, own, operate, or have any involvement with or interest in any Competitive Restaurant.

12.2 In-Term Covenant Not to Compete. The Area Developer and the Owners covenant that they will not, during the term of this Agreement, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of the Franchisor.

12.3 Post-Term Covenant Not to Compete. Except as provided to the contrary in Article 12.1, for a period of 24 months after the termination or expiration of this Agreement, the Area Developer and its Owners covenant they will not: (a) on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, manage, maintain, lease, franchise, conduct, engage in, consult, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Restaurant which is located within the Territory, within 10 miles of the Territory, within 10 miles of any MOD Pizza Restaurant, or within any exclusive area or territory granted by the Franchisor pursuant to an Area Development Agreement or other territorial agreement; or (b) convert any Restaurant developed by the Area Developer pursuant to this Agreement to a Competitive Restaurant. The Area

Developer and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its other area developers and franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit the Franchisor the opportunity to resell and/or develop new MOD Pizza Restaurants within or near the Territory.

12.4 Ownership of Public Companies. The restrictions set forth in Articles 12.2 and 12.3 will not apply to ownership of up to 3% of the shares of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Restaurant business, provided that such company has a class of securities that is listed and publicly traded on a national securities exchange and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and such shares are owned for investment only, and are not owned by an officer, director, employee or consultant of such publicly-traded company.

12.5 Injunctive Relief. The Area Developer and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its area developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of the Franchisor and its area developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of the Restaurant System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting the Franchisor's intellectual property rights. The Area Developer and the Owners also agree that damages alone cannot adequately compensate the Franchisor if there is a breach of this Article 12 by the Area Developer or the Owners, and that injunctive relief against the Area Developer is essential for the protection of the Franchisor and its area developers and franchisees. The Area Developer and the Owners agree therefore, that if the Franchisor alleges that the Area Developer or the Owners have breached this Article 12, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Area Developer and the Owners, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Area Developer or the Owners, then the Area Developer or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

12.6 Effect on Other Agreements. The covenants not to compete set forth in this Article will apply and be enforced independently of any covenant not to compete set forth in any other agreements between the Franchisor and the Area Developer (or a Controlled Entity) and/or the Owners.

## 13. INDEPENDENT CONTRACTORS

13.1 Independent Contractors. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute the Area Developer as a subsidiary, joint venture, partner, agent or employee of the Franchisor for any purpose whatsoever. It is understood and agreed that the Area Developer is an independent contractor and is in no way authorized to make any warranty or representation on behalf of the Franchisor other than those contained in any disclosure document provided prepared by the Franchisor for use by the Area

Developer, nor is the Area Developer authorized to create any obligation or enter into any contract binding on the Franchisor.

13.2 Operation of MOD Pizza Restaurants. The Area Developer will be totally and solely responsible for the development and daily management and operation of its MOD Pizza Restaurants in the Territory, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Area Developer, including the right to hire and fire its employees. The Area Developer will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations. The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Area Developer's employees, agents or independent contractors.

## 14. INDEMNIFICATION

14.1 Indemnification by Area Developer. The Franchisor and its Affiliates and their respective employees, Executive Management, Owners, directors, officers, attorneys, accountants and agents (individually and collectively, the "**Franchisor Indemnified Parties**") will not be obligated to any person or Entity for any Damages arising out of, from, in connection with, relating to, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of the Area Developer's Restaurants. Therefore, the Area Developer will indemnify and hold harmless the Franchisor Indemnified Parties against, and will reimburse the Franchisor Indemnified Parties for, all Damages that the Franchisor Indemnified Parties incur in the defense of or as a result of any Claim brought against the Franchisor Indemnified Parties arising from, in connection with, arising out of, relating to, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of the Area Developer's Restaurants. The Area Developer will indemnify the Franchisor Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, relating to, or as a result of any and all Claims, including, but not limited to:

(a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Area Developer or its Executive Management, employees, agents or representatives;

(b) any failure on the part of the Area Developer to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority;

(c) any failure of the Area Developer to pay any of its obligations to any person or Entity;

(d) any failure of the Area Developer to comply with any requirement or condition of this Agreement, the Franchise Support Guide, or any other agreement with the Franchisor and/or the Franchisor Indemnified Parties;

(e) any misfeasance or malfeasance by the Area Developer or its Executive Management, employees, agents or representatives;

(f) any tort committed by the Area Developer or its Executive Management, employees, agents or representatives;

(g) any determination by a court or agency that the Franchisor is the employer or a joint employer of any of Franchisee's employees;

(h) any claim, action, suit, or proceeding by Franchisee's employees, including but not limited to workers compensation, unemployment, and wage-and-hour claims; and

(i) any other Claims brought against any of the Franchisor Indemnified Parties.

The Area Developer will not be obligated to indemnify the Franchisor Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any gross negligence or intentional misconduct by the Franchisor Indemnified Parties or any matter for which the Franchisor is obligated to defend the Area Developer pursuant to Article 14.2. Any of the Franchisor Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of the Area Developer's MOD Pizza Restaurants.

14.2 Payment of Costs and Expenses by the Area Developer. The Area Developer will pay all reasonable attorneys' fees, costs and expenses incurred by the Franchisor Indemnified Parties to defend any action brought by a third party against any of the Franchisor Indemnified Parties as set forth in Article 14.1. These indemnification provisions under this Article and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## 15. MANDATORY NON-BINDING MEDIATION

15.1 Disputes Subject to Mediation. Except as provided in Article 15.6, all disputes between the Franchisor and the Area Developer will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

15.2 Purpose. The Franchisor and the Area Developer acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other developers and franchisees, and the Restaurant System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

15.3 Mediation Protocol. If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place exclusively in Bellevue, Washington, and will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

15.4 Conditions. The Franchisor and the Area Developer will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the mediator, then either party will have the right to pursue all other remedies available to them under this Agreement.

15.5 Miscellaneous. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. The Franchisor and the Area Developer will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

15.6 Disputes Not Subject to Mediation. The following disputes between the Franchisor and the Area Developer will not be subject to mediation:

(a) use of the Marks by either the Franchisor or the Area Developer;

(b) the obligations of the Area Developer and the Franchisor upon termination or expiration of this Agreement;

(c) any alleged breach of the provisions of this Agreement relating to Confidential Information and in-term and post-term covenants not to compete contained in Article 12;

(d) any dispute regarding the Area Developer's obligations to indemnify the Franchisor and/or an Affiliate for any Claims or Damages pursuant to Article 14 of this Agreement; and

(e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights.

## 16. ENFORCEMENT

16.1 Injunctive Relief. Either the Area Developer or the Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to:

(a) the use of the Marks and/or the Restaurant System by the Franchisor or the Area Developer;

(b) the obligations of the Area Developer or the Franchisor upon termination or expiration of this Agreement; and

(c) any breaches by the Area Developer or the Franchisor of the provisions of this Agreement relating to Confidential Information and the provisions of Article 12 relating to the interpretation, construction or enforcement of the covenants not to compete.

16.2 Payments to the Franchisor. The Area Developer will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Area Developer, or for any other reason, withhold payment of any Fees or payments due the Franchisor pursuant to this Agreement, any Franchise Agreement or any other contract with the Franchisor. The Area Developer will not have the right to **"offset"** or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to the Area Developer by the Franchisor against any Fees or payments due to the Franchisor by the Area Developer. The Franchisor will have the right to deduct from amounts payable to the Area Developer by the Franchisor or an Affiliate any Fees or other payments owed to the Franchisor, an Affiliate or a third party. The Franchisor will also have the right to apply the Fees and other payments made to the Franchisor by the Area Developer in such order as the Franchisor may designate from time to time. As to the Area Developer and its Affiliates, the Franchisor will have the right to:

(a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by the Area Developer, except that Marketing Fees may only be credited to the Production Fund;

(b) set off, from any amounts that may be owed by the Franchisor, any amount owed to the Franchisor, the Production Fund or any other fund or account; and

(c) retain any amounts received for the Area Developer's account (and/or that of any Affiliate of the Area Developer), whether rebates from suppliers or otherwise, as a payment against any Fee owed to the Franchisor.

The Franchisor will have the right to exercise any of the foregoing rights in connection with amounts owed to or from the Franchisor and/or any Affiliate.

16.3 Effect of Wrongful Termination. If either the Franchisor or the Area Developer takes any action to terminate this Agreement except as provided for under the terms of this Agreement, then:

(a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement;

(b) the terms and conditions of this Agreement will remain in full force and effect; and

(c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

16.4 Attorneys' Fees and Costs. The prevailing party in an action will be entitled to all reasonable attorneys' fees and costs incurred by the prevailing party in any proceeding or court

action brought against the other party to enforce the terms and conditions of this Agreement, including a breach of this Agreement.

16.5 Venue and Jurisdiction. All court proceedings, lawsuits and court hearings initiated by the Area Developer or the Franchisor must and will be venued exclusively in King County, Washington. The Area Developer, the MOD Operator, and the Area Developer's Executive Management and Owners do hereby agree and submit to personal jurisdiction in King County, Washington for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or any of the Area Developer's Restaurants, and do hereby agree and stipulate that any such suits, proceedings and hearings will be exclusively venued and held in King County, Washington. The Area Developer, its Executive Management and its Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction.

16.6 Limitation of Actions. Except as provided otherwise in this Agreement or by applicable law, any and all Claims arising out of or relating to this Agreement, the relationship of the Area Developer and the Franchisor, or the Area Developer's operation of the Restaurants brought by either party against the other, whether in mediation or any court proceeding, must be commenced within 12 months after the earlier of (a) the occurrence of the facts giving rise to such Claims or (b) the date on which the complaining party becomes aware of the occurrence of such facts, or such Claims will be absolutely barred and unenforceable.

16.7 Severability. All provisions of this Agreement are severable. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Article 16.7 will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable.

16.8 Waiver. The Franchisor and the Area Developer may, by written instrument signed by the Franchisor and the Area Developer, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Area Developer and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Area Developer of its obligations hereunder will not constitute a waiver by the Franchisor of any provision of this Agreement. The Franchisor will have the right

to waive obligations or restrictions for other area developers under their development agreements without waiving those obligations or restrictions for the Area Developer and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other area developers without granting those same rights to the Area Developer and without incurring any liability to the Area Developer whatsoever.

16.9 No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Area Developer and the Chief Executive Officer or Chief Financial Officer of the Franchisor.

16.10 Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Area Developer that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Area Developer relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any Area Development Agreement between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by the Franchisor in the Franchise Disclosure Document provided to the Area Developer prior to the execution of this Agreement by the Area Developer.

16.11 Headings; Terms. The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "**Area Developer**" as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "**Area Developer**" and "**Transferee**" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Area Developer or any such assignee or transferee if the Area Developer or such assignee or transferee is an Entity.

16.12 Franchisor's Reasonable Business Judgment. Whenever the 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 it exercises reasonable business judgment ("**Reasonable Business Judgment**") in making a decision or exercising a right. The 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 the Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes the Franchisor's financial or other individual interests. 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 product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

16.13 Miscellaneous. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If the Area Developer consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

## 17. NOTICES

All notices required or permitted under this Agreement must be in writing and made by personal service or sent by prepaid certified mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

| | |
|---|---|
| Notices to Franchisor: | Chief Financial Officer<br>MOD Pizza Super Fast Pizza Franchising, LLC<br>2035 158th Court NE, Suite 200<br>Bellevue, WA 98008 |
| With a copy to: | General Counsel and Vice President – Legal<br>MOD Pizza Super Fast Pizza Franchising, LLC<br>2035 158th Court NE, Suite 200<br>Bellevue, WA 98008 |
| With a copy via email to: | legalsupport@modpizza.com |
| Notices to Area Developer: | _____<br>_____<br>_____ |

For the purposes of this Agreement, personal service will include service by a recognized overnight delivery service (such as Federal Express, Airborne Express or UPS) which requires a written confirmation of delivery to the addressee. Any notice delivered in the manner specified herein will be deemed delivered and received, regardless of whether the recipient refuses or fails to sign for the notice, if addressed to the recipient at the address set forth above or the last designated or last known address of the recipient, and will be deemed effective upon written confirmation of delivery to the recipient or three business days after being mailed, whichever is applicable.

## 18. ACKNOWLEDGMENTS; DISCLAIMER

18.1 Disclaimer. The Franchisor does not warrant or guarantee that the Area Developer will derive income or profit from its Restaurants, or that the Franchisor will refund all or part of the Development Fee or Development Initial Fees paid by the Area Developer or repurchase any of the Foods, Beverages and Products, technology, or FF&E supplied, licensed, or sold by the Franchisor or by an Approved or Designated Supplier if the Area Developer is in any way unsatisfied with its Restaurants. The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues,

economics, business or financial success, or value of the Area Developer's Restaurants except as specifically contained in the Franchise Disclosure Document received by the Area Developer.

18.2 Acknowledgments by Area Developer. The Area Developer acknowledges that it has conducted an independent investigation of the MOD Pizza Restaurants and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurants involve business and economic risks. The Area Developer acknowledges that the financial, business and economic success of the Area Developer's Restaurants will be primarily dependent upon the personal efforts of the Area Developer, its management and employees, and on economic conditions in the area where the Area Developer's Restaurants are located and economic conditions in general. The Area Developer acknowledges and agrees that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than the Franchisor has or will have any duties or obligations to the Area Developer under this Agreement. The Area Developer acknowledges that, it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurants, or other economic matters pertaining to the Area Developer's Restaurants from the Franchisor or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by the Area Developer from the Franchisor ("**Representations**"). The Area Developer further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified the Chief Executive Officer of the Franchisor in writing of the person or persons making such Representations, and provided to the Franchisor a specific written statement detailing the Representations made.

18.3 Other Area Developers. The Area Developer acknowledges that other MOD Pizza area developers have or will be granted development agreements at different times, for different areas, under different economic conditions and in different situations, and further acknowledges that the economics, terms and conditions of such other development agreements may vary substantially in form and in substance from those contained in this Agreement.

18.4 Receipt of Agreement and Franchise Disclosure Document. The Area Developer acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by the Area Developer. The Area Developer further acknowledges that it received a copy of the Franchisor's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. The Area Developer confirms receiving the Franchise Disclosure Document on the date the Area Developer signed the acknowledgment of receipt page ("**Receipt Page**") attached to the Franchise Disclosure Document. The Area Developer and the Franchisor each acknowledge receiving a signed and dated copy of the Receipt Page.

18.5 Franchisor's Consent. Except where expressly provided to the contrary, any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation required from or by the Franchisor under the terms of this Agreement will be granted or withheld by the Franchisor in its reasonable discretion.

## 19. AREA DEVELOPER'S LEGAL COUNSEL

The Area Developer acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Area Developer. The Area Developer has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Mod Super Fast Pizza Franchising, LLC Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the MOD Pizza Restaurants, to determine compliance with franchising and other applicable laws, to advise the Area Developer on economic risks, liabilities, obligations and rights under this Agreement and to advise the Area Developer on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the restaurant business, and other legal and business matters. The name and telephone number of the Area Developer's attorney or other advisor will be included in **Attachment A** to this Agreement.

## 20. GOVERNING LAW; STATE MODIFICATIONS

20.1 Governing Law; Severability. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between the Franchisor and the Area Developer will be governed by the laws of the State of Washington, unless applicable state law specifically provides to the contrary; and further provided that the parties expressly agrees that this Agreement is not intended to confer on any Franchisee that is not operating a Restaurant in, or a resident of, the State of Washington the benefit of the Washington franchise law or any other Washington law providing specific protection to franchisees residing in or operating in the State of Washington. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Area Developer and the Franchisor.

20.2 Applicable State Laws. If applicable, various states have statutes and regulations which may supersede the provisions of this Agreement.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the Franchisor, the Area Developer and the Area Developer's Owners have respectively signed this Agreement effective as of the date set forth above.

| **"Franchisor"** | **"Area Developer"** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____<br>Legal Name |
| By_____<br>Signature | By_____<br>Signature |
| By_____<br>Print Name | By_____<br>Print Name |
| Its_____<br>Title | Its_____<br>Title |

Each of the undersigned Owners of the Area Developer hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to the Franchisor agreeing to enter into this Agreement with the Area Developer, each Owner who owns at least 10% of the issued and outstanding Ownership Interests in the Area Developer agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement.

| Names of Owners: | Percentage of Ownership: |
|---|---|
| _____ Signature | _____ % |
| _____ Print Name | |
| _____ Signature | _____ % |
| _____ Print Name | |
| _____ Signature | _____ % |
| _____ Print Name | |
| _____ Signature | _____ % |
| _____ Print Name | |
| | Total 100% |

**MOD Operator:**

_____
Name

_____
Address

_____
City, State, Zip Code

_____
Telephone

_____
Cell Phone

_____
E-Mail Address

## PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "**Personal Guaranty**") is made and entered into this day of _____, 20___ ("**Effective Date**"), by and between MOD Super Fast Pizza Franchising, LLC, a Delaware limited liability company ("**Franchisor**"), and each one of the undersigned personal guarantors ("**Personal Guarantors**").

**WHEREAS**, the Franchisor and _____, (a/an) ("**Area Developer**") have entered into an Area Development Agreement, dated the same date as set forth above, for the development and operation of franchised MOD Pizza Restaurants in the Territory ("**Area Development Agreement**").

**WHEREAS**, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of the Area Developer under the Area Development Agreement and to be individually, jointly and severally bound by the terms and conditions of the Area Development Agreement.

**NOW, THEREFORE**, in consideration of the execution of the Area Development Agreement by the Franchisor, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Area Development Agreement, including the covenants not to compete, to be paid, kept and performed by the Area Developer.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Area Development Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Area Development Agreement which is incorporated herein by reference.

Obligations to Franchisor. If the Area Developer is at any time in default on any obligation to pay monies to the Franchisor or any affiliate of the Franchisor, whether for the Development Fee, Initial Franchise Fees, Continuing Fees, Marketing Fees, goods or services purchased by the Area Developer from the Franchisor or any Affiliate of the Franchisor, or for any other indebtedness of the Area Developer to the Franchisor or any Affiliate of the Franchisor, then each of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Area Developer to the Franchisor or any Affiliate of the Franchisor upon default by the Area Developer.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Franchisor.

Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Area Development Agreement, and each one of the Personal

Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Area Development Agreement.

| | |
|---|---|
| Signature | Signature |
| Print Name | Print Name |
| Address | Address |
| City, State and Zip Code | City, State and Zip Code |
| Telephone | Telephone |
| Signature | Signature |
| Print Name | Print Name |
| Address | Address |
| City, State and Zip Code | City, State and Zip Code |
| Telephone | Telephone |

## ATTACHMENT A
## TERRITORY, DEVELOPMENT FEE AND DEVELOPMENT SCHEDULE

A. TERRITORY: In accordance with Article 2.1, the Territory within which the rights and privileges granted to the Area Developer pursuant to this Agreement may be exercised is the geographic area described and delineated as follows:

(see attached map).

B. DEVELOPMENT FEE: In accordance with Article 4.2, the Area Developer will pay the Franchisor a Development Fee in the amount of $_____ on the date of this Agreement.

C. DEVELOPMENT SCHEDULE: In accordance with Article 5.1, the Area Developer agrees to the following Development Schedule:

| Restaurant Number | "Required Opening Date" by Which MOD Pizza Restaurant Must be Opened and Continuously Operating in Territory | Cumulative Number of MOD Pizza Restaurants Required to be Open and Continuously Operating in Territory as of Date in Preceding Column |
|---|---|---|
| 1 | | 1 |
| 2 | | 2 |

D. COMPLIANCE WEEK BANK: In accordance with Article 5.3, the Area Developer's beginning Compliance Week Bank balance will be _____ weeks.

E. AREA DEVELOPER'S ATTORNEY OR ADVISOR: The name, telephone number and email address of the Area Developer's attorney or other advisor are:_____, Telephone Number: (___)_____; E-mail Address:_____.

**[The remainder of this page has been intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this **Attachment A** on the day and year first above written.

| **"Franchisor"** | **"Area Developer"** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____<br>Legal Name |
| By_____<br>Signature | By_____<br>Signature |
| By_____<br>Print Name | By_____<br>Print Name |
| Its_____<br>Title | Its_____<br>Title |

# EXHIBIT E

# MOD Pizza

# SAMPLE RELEASE

**MOD Super Fast Pizza Franchising, LLC**
**SAMPLE RELEASE**

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement or Area Development Agreement to a third party, you will sign a joint and mutual release containing language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this ____ day of _____, 20__, by and between MOD Super Fast Pizza Franchising, LLC (the "**Franchisor**") and (the "**Franchisee**").

The Franchisee entered into a Franchise/Area Development Agreement, dated _____, 20__ with the Franchisor (the "**Agreement**") authorizing the Franchisee to open and operate a franchised MOD Pizza Restaurant(s) at/in _____.

The Franchisee desires to transfer, sell and assign the Agreement to a third party (the "**Assignee**").

The Franchisor has agreed to consent to the transfer, sale and assignment of the Agreement by the Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by the Franchisor and the Franchisee:

1. Release of Franchisor by Franchisee. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisee and its affiliates hereby release and forever discharge the Franchisor and its affiliates from any and all claims which the Franchisee and its affiliates have had or now have or may in the future have against the Franchisor and its affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission's Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, "mini" FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

2. Release of Franchisee by Franchisor. For and in consideration of the execution of this Joint and Mutual Release and the consent by the Franchisor to the assignment of the Agreement to the Assignee, the Franchisor and its affiliates hereby release and forever discharge the Franchisee and its affiliates from any and all claims which the Franchisor and its affiliates have had or now have against the Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its

affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

| **"Franchisor"** | **"Franchisee"** |
|---|---|
| MOD Super Fast Pizza Franchising, LLC | _____ |
| By_____ | By_____ |
| Its_____ | Its_____ |

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement or Area Development Agreement to a third party, or to comply with applicable law (see Addendum to the Franchise Disclosure Document).

# EXHIBIT F

# MOD Pizza

# STATE AGENCY/AGENTS FOR SERVICE OF PROCESS

# EXHIBIT F
# LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **CALIFORNIA** | California Department of Business Oversight<br>One Sansome Street, Suite 600<br>San Francisco, CA 94104<br>415-972-8559<br>1-866-275-2677 | California Commissioner of<br>Business Oversight<br>320 West 4th Street, Suite 750<br>Los Angeles 90013-2344<br>1-866-275-2677 |
| **CONNECTICUT** | Securities and Business Investment Division<br>Connecticut Department of Banking<br>260 Constitution Plaza<br>Hartford, CT 06103<br>860-240-8230 | Connecticut Banking Commissioner<br>Same Address |
| **FLORIDA** | Department of Agriculture & Consumer Services<br>Division of Consumer Services<br>Mayo Building, Second Floor<br>Tallahassee, FL 32399-0800<br>850-245-6000 | Same |
| **GEORGIA** | Office of Consumer Affairs<br>2 Martin Luther King Drive, S.E.<br>Plaza Level, East Tower<br>Atlanta, GA 30334<br>404-656-3790 | Same |
| **HAWAII** | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>808-586-2722 | Commissioner of Securities of the State of Hawaii<br>Dept. of Commerce and Consumer Affairs<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| **ILLINOIS** | Franchise Division<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>217-782-4465 | Illinois Attorney General<br>Same Address |
| **INDIANA** | Securities Commissioner<br>Indiana Securities Division<br>302 West Washington Street, Room E 111<br>Indianapolis, IN 46204<br>317-232-6681 | Indiana Secretary of State<br>201 State House<br>200 West Washington Street<br>Indianapolis, IN 46204 |
| **IOWA** | Iowa Securities Bureau<br>Second Floor<br>Lucas State Office Building<br>Des Moines, IA 50319<br>515-281-4441 | Same |
| **KENTUCKY** | Kentucky Attorney General's Office<br>Consumer Protection Division<br>1024 Capitol Center Drive<br>Frankfort, KY 40602<br>502-696-5389 | Same |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **LOUISIANA** | Department of Urban & Community Affairs<br>Consumer Protection Office<br>301 Main Street, 6th Floor<br>One America Place<br>Baton Rouge, LA 70801<br>504-342-7013 (gen. info.) 504-342-7900 | Same |
| **MAINE** | Department of Business Regulations<br>State House - Station 35<br>Augusta, ME 04333<br>207-298-3671 | Same |
| **MARYLAND** | Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202<br>410-576-6360 | Maryland Securities Commissioner<br>Same Address |
| **MICHIGAN** | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>525 W. Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, MI 48913<br>517-373-7117 | Michigan Department of Commerce<br>Corporations and Securities Bureau<br>Same Address |
| **MINNESOTA** | Minnesota Department of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, MN 55101<br>651-539-1500 | Minnesota Commissioner of Commerce<br>Same Address |
| **NEBRASKA** | Department of Banking and Finance<br>Bureau of Securities/Financial Institutions<br>Division<br>1526 K Street, Suite 300<br>Lincoln, NE 68508-2732<br>P.O. Box 95006<br>Lincoln, Nebraska 68509-5006<br>Tele: 402-471-2171 | Same |
| **NEW HAMPSHIRE** | Attorney General<br>Consumer Protection and Antitrust Bureau<br>State House Annex<br>Concord, NH 03301<br>603-271-3641 | Same |
| **NEW YORK** | Bureau of Investor Protection and Securities<br>New York State Department of Law<br>120 Broadway, 23rd Floor<br>New York, NY 10271<br>212-416-8222 | Secretary of State of New York<br>99 Washington Avenue<br>Albany, New York 12231 |
| **NORTH CAROLINA** | Secretary of State's Office/Securities Division<br>2 South Salisbury Street<br>Raleigh, NC 27601<br>919-733-3924 | Secretary of State<br>Secretary of State's Office<br>Same Address |
| **NORTH DAKOTA** | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol, Fifth Floor<br>Bismarck, ND 58505-0510<br>701-328-4712; Fax: 701-328-0140 | North Dakota Securities Commissioner<br>Same Address |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **OHIO** | Attorney General<br>Consumer Fraud & Crime Section<br>State Office Tower<br>30 East Broad Street, 15th Floor<br>Columbus, OH 43215<br>614-466-8831 or 800-282-0515 | Same |
| **OKLAHOMA** | Oklahoma Securities Commission<br>2915 Lincoln Blvd.<br>Oklahoma City, OK 73105<br>405-521-2451 | Same |
| **OREGON** | Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 96310<br>503-378-4387 | Director<br>Department of Insurance and Finance<br>Same Address |
| **RHODE ISLAND** | Rhode Island Department of Business Regulation<br>Securities Division<br>John O. Pastore Center – Building 69-1<br>1511 Pontiac Avenue<br>Cranston, RI 02920<br>401-222-3048 | Director, Rhode Island Department of Business Regulation<br>Same address |
| **SOUTH CAROLINA** | Secretary of State<br>P.O. Box 11350<br>Columbia, SC 29211<br>803-734-2166 | Same |
| **SOUTH DAKOTA** | South Dakota Department of Labor and Regulation<br>Division of Insurance, Securities Regulation<br>124 S. Euclid Avenue, Suite 104<br>Pierre, SD 57501<br>605-773-3563 | Director of the South Dakota<br>Division of Insurance, Securities Regulation<br>Same Address |
| **TEXAS** | Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887<br>512-475-1769 | Same |
| **UTAH** | Utah Department of Commerce<br>Consumer Protection Division<br>160 East 300 South (P.O. Box 45804)<br>Salt Lake City, UT 84145-0804<br>TELE: 801-530-6601<br>FAX:801-530-6001 | Same |
| **VIRGINIA** | State Corporation Commission<br>Division of Securities and Retail Franchising<br>Tyler Building, 9th Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>804-371-9733 | Clerk of the State Corporation Commission<br>Tyler Building, 1st Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>804-371-9051 |
| **WASHINGTON** | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd S.W.<br>Tumwater, WA 98501<br>360-902-8762 | Director, Dept. of Financial Institutions<br>Securities Division<br>150 Israel Rd S.W.<br>Tumwater, WA 98501 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| WISCONSIN | Wisconsin Dept. of Financial Institutions<br>Division of Securities<br>345 W. Washington Avenue, 4th Floor<br>Madison, WI 53703<br>608-266-8557 | Wisconsin Commissioner of Securities<br>Same Address |

# EXHIBIT G

# MOD Pizza

# FRANCHISEE QUESTIONNAIRE

## FRANCHISEE QUESTIONNAIRE

As you know, MOD Super Fast Pizza Franchising, LLC (the "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the operation of a franchised MOD Pizza Restaurant business (the "**Franchise**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

| | QUESTION | YES | NO |
|---|---|---|---|
| 1. | Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "**Disclosure Document**") provided to you? | | |
| 2. | Did you sign a receipt for the Disclosure Document indicating the date you received it? | | |
| 3. | Do you understand all of the information contained in the Disclosure Document? | | |
| 4. | Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it? | | |
| 5. | Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____ | | |
| 6. | Do you understand the terms of and your obligations under the Franchise Agreement? | | |
| 7. | Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor? | | |
| 8. | Do you understand the risks associated with operating the Franchise? | | |
| 9. | Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? | | |
| 10. | Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document? | | |
| 11. | Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the Disclosure Document? | | |

| | QUESTION | YES | NO |
|---|---|---|---|
| 12. | Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document? | | |
| 13. | Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document? | | |
| 14. | Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document? | | |

If you answered "**Yes**" to any of questions ten (10) through fourteen (14), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "**No**" to each of the foregoing questions, please leave the following lines blank.

_____

_____

_____

_____

_____

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

_____ _____

FRANCHISE APPLICANT FRANCHISE APPLICANT

Dated:_____ Dated:_____

# EXHIBIT H

# MOD Pizza

# STATE-SPECIFIC ADDENDUM

## EXHIBIT H
## STATE-SPECIFIC ADDENDUM

The following modifications are to the MOD Super Fast Pizza Franchising, LLC franchise disclosure document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20___.

CALIFORNIA

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the disclosure document and/or franchise agreement and area development agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the disclosure document is supplemented by the following language:

No person disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.78a et seq., suspending or expelling such persons from membership in such association or exchange.

B. Item 17 of the disclosure document is supplemented by the following language.

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The 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.).

c. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement requires application of the laws of Washington. This provision may not be enforceable under California law.

e. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

2. 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.

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

5. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. You must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations, Title 4 for the sale of alcoholic beverages.

7. ITEM 19 is amended by the addition of the following language to the original language under the "CAUTION" section:

> "The earnings claims figures (i.e., Net Billings) 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 form franchisees, listed in the disclosure document, may be one source of this information."

**California-Specific Modification to Franchise Agreement**

1. California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving the Franchisor the right to terminate in the event of the Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**California-Specific Modification to Area Development Agreement**

(a) California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving the Franchisor the right to terminate in the event of the Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

ILLINOIS

Item 17, line item v., is amended to provide that if the Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

Item 17, line item w., is amended to provide that (a) the Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control; and (b) if the Franchise Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

**Illinois-Specific Modification to Franchise Agreement**

(a) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "**Illinois Act**") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by the Franchisor; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by the Franchisee to enforce any liability created by the Illinois Act; (5) any representations made by the Franchisor in the Franchise Disclosure Document provided to the Franchisee will remain valid and enforceable by the Franchisee after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Franchisee to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Illinois Act.

**Illinois-Specific Modification to Area Development Agreement**

(a) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "**Illinois Act**") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by the Franchisor; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action

maintained by the Area Developer to enforce any liability created by the Illinois Act; (5) any representations made by the Franchisor in the Franchise Disclosure Document provided to the Area Developer will remain valid and enforceable by the Area Developer after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Area Developer to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Area Developer in this Agreement will not be construed to act as a release, estoppel or waiver of the Area Developer's rights under the Illinois Act.

INDIANA

The "Summary" column in both ITEM 17.t. tables of the Franchise Disclosure Document is deleted and the following is inserted in its place:

> "Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us."

The "Summary" column in both ITEM 17.u. tables of the Franchise Disclosure Document is deleted and the following is inserted in its place:

> "Except for certain claims, all disputes must be arbitrated in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, AND Area Development Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, Area Development Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

The "Summary" column in both ITEM 17.v. tables of the Franchise Disclosure Document is deleted and the following is inserted in its place:

> "Litigation regarding Franchise Agreement in Indiana; other litigation in Washington. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, and Area Development Agreement including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, Area Development Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration

provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

The "Summary" column in both ITEM 17.w. tables of the Franchise Disclosure Document is deleted and the following is inserted in its place:

"Indiana law applies to disputes covered by Indiana franchise laws; otherwise Washington law applies."

The following is hereby added at the end of Section 31.2 of the Franchise Agreement and 18.2 of the Area Development Agreement:

"Notwithstanding anything to the contrary in this provision, Franchisee does not waive any right under the Indiana statutes with regard to prior representations made by the Franchisor."

MARYLAND

(a) The Summary column for Items 17.v., "Choice of Forum" (Franchise Agreement chart) is amended as follows:

"Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our corporate headquarters. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us."

(b) Item 17.c., "Requirements for you to renew or extend" (Franchise Agreement chart) and Items 7.m. "Conditions for our approval of transfer" (Franchise Agreement charts) are amended by the addition of the following:

"The Code of Maryland Regulations COMAR 02.02.08.16L., states that a 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. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment or transfer of the Franchise Agreements."

(c) Item 17 is amended to add the following note at the end of that Item:

"Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

(d) the addition of the following as the last paragraph of Item 17:

"A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101."

**Maryland-Specific Modification to Franchise Agreement**

(a) Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Washington will be deleted from this Agreement, and the Franchisee will have the right to commence litigation, lawsuits and other court proceedings alleging claims arising under the Maryland Franchise Registration and Disclosure Law (the "**Maryland Law**") in the State of Maryland; (2) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which claims must be brought will not act to reduce the thee-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law, and any claims arising under the Maryland Law must be brought within three years after the grant of the Franchise; and (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by the Franchisor in the Franchise Disclosure Document.

**Maryland-Specific Modification to Area Development Agreement**

(b) Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Washington will be deleted from this Agreement, and the Area Developer will have the right to commence litigation, lawsuits and other court proceedings alleging claims arising under the Maryland Franchise Registration and Disclosure Law (the "**Maryland Law**") in the State of Maryland; (2) the acknowledgments made by the Area Developer in this Agreement will not be construed to act as a release, estoppel or waiver of the Area Developer's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which claims must be brought will not act to reduce the thee-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law and any claims arising under the Maryland Law must be brought within three years after the grant of the Franchise; and (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by the Franchisor in the Franchise Disclosure Document.

MINNESOTA

**Minnesota-Specific Modification to Franchise Disclosure Document**

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**Minnesota-Specific Modification to Franchise Agreement**

(b) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, the Franchisor must give the Franchisee at least 180 days prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if the Franchisor gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether the Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Franchisee or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Franchisee will have up to three years after the cause of action accrues to bring an action against the Franchisor pursuant to Minn. Stat. §80C.17.

Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**Minnesota-Specific Modification to Area Development Agreement**

(a) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, the Franchisor must give the Area Developer at least 180 days prior written notice of

nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if the Franchisor gives the Area Developer written notice that the Area Developer has breached this Agreement, such written notice will be given to the Area Developer at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Area Developer will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether the Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Area Developer or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Area Developer will have up to three years after the cause of action accrues to bring an action against the Franchisor pursuant to Minn. Stat. §80C.17.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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 F 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.

The following information applies to franchises and franchisees subject to New York statutes and regulations. Item numbers correspond to those in the main body.

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4.

Neither the franchisor, its affiliate, its predecessor, officers or general partner has, during the 10-year period immediately before the date of the offering circular, has:

(a) filed as a 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;

(c) was a principal officer of a company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code

or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to ITEM 5:

The initial franchise fee constituted part of our general operating funds and will be used as such in our discretion.

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.

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.

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.

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.

NORTH DAKOTA

**North Dakota-Specific Modification to Franchise Agreement**

(c) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by the Franchisee to jurisdiction and venue in the State of Washington contained in this Agreement will be inapplicable to the Franchisee;

and (4) any provisions of this Agreement which limit the statute of limitations period for claims under the North Dakota Franchise Investment Law (the "**North Dakota Law**") or the parties' rights or remedies under the North Dakota Law, such as the right to recover exemplary or punitive damages or to a jury trial, will not be enforceable.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**North Dakota-Specific Modification to Area Development Agreement**

(a) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by the Area Developer to jurisdiction and venue in the State of Washington contained in this Agreement will be inapplicable to the Area Developer; and (4) any provisions of this Agreement which limit the statute of limitations for claims under the North Dakota Franchise Investment Law (the "**North Dakota Law**") or the parties' rights or remedies under the North Dakota Law, such as the right to recover punitive damages or to a jury trial, will not be enforceable.

RHODE ISLAND

**Rhode Island-Specific Modification to Franchise Agreement**

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

(d) Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**Rhode Island-Specific Modification to Area Development Agreement**

(b) Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MOD Super Fast Pizza Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

"Additional Disclosure: The following statements are added to Item 17.h.:

Under 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 grounds for default or termination stated in the development 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."

WASHINGTON

**Washington-Specific Modification to the Franchise Disclosure Document and Franchise Agreement**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in 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.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Item 5 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement is amended to include the following:

"Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that is required under the Franchise Agreement or Franchise Disclosure Document and (b) is open for business."

ACKNOWLEDGMENT

It is agreed that the applicable foregoing State Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____ 20__, and of the disclosure document.

DATED this _____ day of _____ 20__.

**FRANCHISOR:**

**MOD SUPER FAST PIZZA FRANCHISING, LLC**

By:_____

Title:_____

**FRANCHISEE:**

_____

By:_____

Title:_____

# EXHIBIT I

# MOD Pizza

# FRANCHISE SUPPORT GUIDE TOC

# FRANCHISE SUPPORT GUIDE
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The total number of pages in the Franchise Support Guide is approximately 305.

# EXHIBIT J

# MOD Pizza

# PROSPECT NONDISCLOSURE AND NONCOMPETITION AGREEMENT

## MOD SUPER FAST PIZZA FRANCHISING, LLC
## PROSPECT NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Prospect Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into this ____ day of _____, 20___ by and between **MOD Super Fast Pizza Franchising, LLC**, a Delaware limited liability company ("**Company**"), located at 2035 158th Court NE, Suite 200, Bellevue, WA 98008 and _____ ("**Prospect**"), who resides or has a principal place of address at _____.

**RECITALS**

A. The Company is engaged in the business of selling franchises for the operation of MOD Pizza Restaurants. MOD Pizza Restaurants feature "made on demand" artisan pizzas, salads, desserts, beverages, and other menu items in a distinctive atmosphere ("**Franchise Business**"). The Franchise Business is operated under the Company's trademark "MOD PIZZA®" and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**").

B. The Company has developed methods for establishing, operating and promoting Franchise Businesses pursuant to the Company's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company ("**Confidential Information**" and "**Trade Secrets**") and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company.

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of its System, which goodwill and reputation have been and will continue to be of major benefit to the Company.

D. Prospect desires to become involved with the Company or a franchisee of the Company in the capacity of an officer, partner, director, agent, manager, employee, Designated Business Manager or as a beneficial owner of the Franchise Business, or is an immediate family member or domestic partner of a principal owning an interest in the Franchise Business, and will become privileged as to certain Confidential Information and Trade Secrets. Prospect may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form.

E. Prospect and the Company have reached an understanding with regard to nondisclosure by Prospect of Confidential Information and Trade Secrets and with respect to noncompetition by Prospect with the Company and other franchisees of the Company. Prospect agrees to the terms of this Agreement as partial consideration for the Company's willingness to allow Prospect to engage in a business relationship with Company or a franchisee of the Company using the Company's Confidential Information and Trade Secrets.

**NOW THEREFORE,** in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Prospect and the Company, intending legally to be bound, agree as follows:

1. Definitions.

(a) "**Competitive Business**" as used in this Agreement only, means any business operating in competition with or similar to the Franchise Business, and specifically featuring "**made on demand**" artisan pizzas; provided, however, Prospect will not be prohibited from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934.

(b) "**Confidential Information**" shall mean without limitation, all knowledge, know-how, standards, formulas, methods and procedures related to the establishment and operation of the Franchise Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchise Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information which the Company or its affiliates designate as confidential including all information contained in the Company's Franchise Support Guide, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Company or its affiliates, which may be changed or supplemented from time to time.

(c) "**Franchise Agreement**" shall mean the franchise agreement between Company and _____, dated _____, as amended or renewed from time to time.

(d) "**Prospect**" shall mean the individual or entity described on page 1 of this Agreement and the Prospect's managers, officers, beneficial owners, directors, employees, partners, members, principals and immediate family members.

(e) "**Territory**" shall have the meaning defined in the Franchise Agreement.

(f) "**Term**" shall have the meaning defined in the Franchise Agreement.

(g) "**Trade Secret(s)**" shall mean information, including a formula, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(h) All other capitalized terms not defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

2. Confidential Information and Trade Secrets. Prospect and the Company acknowledge that the Confidential Information and Trade Secrets which are developed and utilized in connection with the operation of the Franchise Business are unique and the exclusive property of the Company or its affiliates. Prospect acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Prospect further acknowledges that the Company

or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information and Trade Secrets. During the Term and any Successor Term of the Franchise Agreement and for a period of two (2) years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements in this Section 3 will remain in place for as long as such information constitutes a Trade Secret), Prospect shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information or Trade Secrets of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to the Prospect through no fault of the Prospect; (b) information that entered the public domain after it was communicated to the Prospect through no fault of the Prospect; (c) information that was in the Prospect's possession free of any obligation of confidence at the time it was communicated to the Prospect; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Prospect is legally compelled to disclose the information, if the Prospect has notified the Company before disclosure and used the Prospect's best efforts, and afforded the Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Company of confidential treatment for the information required to be so disclosed.

5. Noncompetition Covenant. Prospect acknowledges that the Company must be protected against the potential for unfair competition by Prospect's use of the Confidential Information and Trade Secrets in direct competition with the Company. Prospect further acknowledges that the Confidential Information and Trade Secrets would not have been divulged to the Prospect absent the Prospect's agreement to strictly comply with the provisions of this Agreement. Prospect therefore agrees that, other than the Franchise Business licensed under the Franchise Agreement, Prospect will not during the Term and Successor Term of the Franchise Agreement:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

(b) perform services as a manager, officer, beneficial owner, director, principal, employee, partner, member, consultant, representative, agent or otherwise for a Competitive Business; or

(c) divert or attempt to divert any business related to, or any customer or account of the Franchise Business, the Company's business, the business of any affiliate

of the Company or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

6. Post-Termination Covenant Not to Compete. Upon termination or expiration of Prospect's relationship with the Company, the Franchise Business or the Franchise Agreement for any reason, Prospect agrees that, for a period of two (2) years commencing on the effective date of termination or expiration of the Franchise Agreement, Prospect will not have any direct or indirect interest (through any immediate family member of Prospect or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating: (a) in the Territory or any other franchisee's territory; (b) within 100 miles of the Territory or any other franchisee's Territory; or (3) within 100 miles of any Company or Company's affiliate owned Franchise Business.

The restrictions of this Section 6 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

The parties have attempted in this Agreement to limit the Prospect's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Sections 5 and 6 are disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Sections 5 and 6 to the extent that it deems necessary to make such provisions enforceable under applicable law. THE PROSPECT EXPRESSLY ACKNOWLEDGES THAT THE PROSPECT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE PROSPECT OF THE ABILITY TO EARN A LIVING.

7. Injunction. Prospect hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Prospect agrees that the Company may obtain such injunctive relief, without posting a bond or bonds. Prospect's sole remedy, in the event of the entry of such injunctive relief, shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Prospect. In any litigation, arbitration or other proceeding concerning the entry of any requested injunction against Prospect, Prospect, for value, voluntarily waives such defenses as Prospect might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Company; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Company will entitle or permit the Prospect to disclose any such Confidential Information and Trade Secrets in any circumstances.

8. Effect of Waiver. The waiver by Prospect or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Prospect and the Company and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Prospect and the Company relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law. This instrument shall be governed by and construed under the laws of the State of Washington.

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Prospect of this Agreement, Prospect hereby irrevocably submits to the jurisdiction of the state and federal courts of Washington, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Washington. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Washington. Notwithstanding the foregoing, in the event that the laws of the state where the Prospect resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

**IN WITNESS WHEREOF,** the parties have signed this Agreement on the date first above written.

| **COMPANY:** | **PROSPECT:** |
|---|---|
| **MOD SUPER FAST PIZZA FRANCHISING, LLC** | _____ |
| By: _____ | By: _____ |
| Title: _____ | Print Name: _____ |
| Date: _____ | Date: _____ |

# EXHIBIT K

# MOD Pizza

# RECEIPT

# EXHIBIT K
# RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If MOD Pizza offers you a franchise, it must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, MOD Pizza or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that MOD Pizza give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that MOD Pizza give you this Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If MOD Pizza does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in the State Agency Exhibit (Exhibit F).

**Issuance Date: April 19, 2018**

The effective dates for this Disclosure Document in the franchise registration states are listed on the third page of this Disclosure Document.

The franchise seller(s) for this offering is/are: John Dikos, MOD Super Fast Pizza Franchising, LLC, 2035 158th Court NE, Suite 200, Bellevue, WA 98008.

MOD Pizza authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated _____, 2018, that included the following exhibits:

| | |
|---|---|
| EXHIBIT A: | LIST OF FRANCHISED AND COMPANY-OWNED RESTAURANTS |
| EXHIBIT B: | FINANCIAL STATEMENTS |
| EXHIBIT C: | FRANCHISE AGREEMENT, INCLUDING STATE ADDENDA |
| EXHIBIT D: | AREA DEVELOPMENT AGREEMENT, INCLUDING STATE ADDENDA |
| EXHIBIT E | SAMPLE RELEASE |
| EXHIBIT F: | STATE AGENCY EXHIBIT |
| EXHIBIT G: | FRANCHISEE QUESTIONNAIRE |
| EXHIBIT H: | STATE-SPECIFIC ADDENDUM |
| EXHIBIT I: | FRANCHISE SUPPORT GUIDE TABLE OF CONTENTS |
| EXHIBIT J: | PROSPECT NONDISCLOSURE AND NONCOMPETITION AGREEMENT |
| EXHIBIT K: | RECEIPT |

| | |
|---|---|
| Signed:_____ | Signed: _____ |
| Print Name:_____ | Print Name:_____ |
| Address:_____ | Address: _____ |
| City/State/Zip:_____ | City/State/Zip:_____ |
| Telephone:_____ | Telephone: _____ |
| Dated:_____ | Dated: _____ |

Copy To: MOD Pizza, 2035 158th Court NE, Suite 200, Bellevue, WA 98008

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| | |
|---|---|
| Signed:_____ | Signed: _____ |
| Print Name:_____ | Print Name:_____ |
| Address:_____ | Address: _____ |
| City/State/Zip: _____ | City/State/Zip:_____ |
| Telephone:_____ | Telephone: _____ |
| Dated:_____ | Dated: _____ |

Copy To: Franchisee