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CALIFORNIA
FRANCHISE DISCLOSURE DOCUMENT
NOBLE ROMAN'S CRAFT PIZZA & PUB

Department of
Business Oversight

Noble Roman's, Inc
an Indiana Corporation
One Virginia Avenue, Suite 300
Indianapolis, Indiana 46204
www.nobleromans.com
(317) 634-3377

The franchisee will operate a Noble Roman's Craft Pizza & Pub® ('CP&P') franchise. The franchise is typically offered for traditional locations such as outdoor strip malls.

The total investment necessary to begin operation of a CP&P franchise is \$496,000 to \$687,000. This includes an initial franchise fee of \$30,000 that must be paid to Noble Roman's.

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

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. You can contact the FTC at 1-877 FTC HELP, or by writing to FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date April 25, 2018
Effective Date

CALIFORNIA COVER PAGE

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

Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state.

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

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

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/MEDIATION ONLY IN INDIANA. OUT-OF-STATE LITIGATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE/MEDIATE WITH US IN INDIANA THAN IN YOUR OWN STATE.

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

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date

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ITEM 1 The Franchisor and any Parents, Predecessors and Affiliates

General Information

To simplify the language in this Disclosure Document, references to the Company or "We" means Noble Roman's, Inc., the franchisor. The term "You" means the person who buys the franchise and the owners of the franchise if the franchisee is a corporation, partnership or other entity. This Franchise Disclosure Document relates only to the CP&P franchise (the "Franchise"). The Company was incorporated September 21, 1972, and is an Indiana corporation with a principal place of business at One Virginia Avenue, Suite 300, Indianapolis, Indiana 46204. In addition to the Franchise, the Company sells and services franchises and licenses for non-traditional foodservice operations under the trade names "Noble Roman's Pizza" and "Noble Roman's Take N Bake." The Company believes some of the attributes of the Franchise are

- Modern yet nostalgic, family-friendly interior restaurant design
- Two styles of hand-craft made from scratch pizzas: Traditional thinner and Deep-Dish Sicilian
- Over 40 different toppings: cheeses and sauces from which to choose including traditional toppings such as pepperoni and unusual toppings such as diced apples and candied walnuts
- Noble Roman's hand rolled breadsticks with spicy cheese sauce
- A selection of contemporary, made-to-order salads and fresh pasta. The menu also includes baked subs, hand sauced wings and desserts
- 16 different beers on tap including both national and local craft selections. Wines include 16 quality, affordably-priced options in a range of varietals
- Fast cook times - 2-5 minutes for traditional pies and 5-7.5 minutes for Sicilian pies
- Glass enclosed dough room where Noble Roman's dough masters hand make all pizza and breadstick dough from scratch in customer view
- A "Dusting and Drizzle Station" where customers customize their baked pizzas with a variety of toppings and drizzles
- Kids and adults enjoy Noble Roman's self-serve root beer tap
- Throughout the dining room and bar are large and giant screen television monitors for sports and the nostalgic black and white shorts

Currently, the Company is operating one Noble Roman's Craft Pizza & Pub in addition to three non-traditional locations which contain a Noble Roman's Pizza.

Competition

The restaurant industry and the retail food industry in general are very competitive with respect to convenience, price, product quality and service. In addition, the Company competes for franchise and license sales on the basis of product engineering and quality, investment cost, cost of sales, distribution, atmosphere and speed of service. Actions by one or more of the Company's competitors could have an adverse effect on the Company's ability to sell additional franchises, maintain and renew existing franchises, or sell its products. Many of the Company's competitors are very large, internationally established companies.

Government Regulation

The Company and its franchisees are subject to various federal, state and local laws affecting the operation of our respective businesses. Each franchise location is subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building and other agencies and ordinances in the state or municipality in which the facility is located. The process of obtaining and maintaining required licenses or approvals can delay or prevent the opening of a franchise location. Vendors, such as our third-party production and distribution services, are also licensed and subject to regulation by state and local health and fire codes, and U.S. Department of Transportation regulations.

The Company, its franchisees and its vendors are also subject to federal and state environmental regulations

The Company is subject to regulation by the Federal Trade Commission (the "FTC") and various state agencies under federal and state laws regulating the offer and sale of franchises. Several states also regulate aspects of the franchisor-franchisee relationship. The FTC requires us to furnish to prospective franchisees a disclosure document containing certain specified information. Some states also regulate the sale of franchises and require registration of a franchise disclosure document with state authorities. Substantive state laws that regulate the franchisor-franchisee relationship presently exist in a substantial number of states, and bills have been introduced in Congress from time to time that would provide for additional federal regulation of the franchisor-franchisee relationship in certain respects. State laws often limit, among other things, the duration and scope of non-competition provisions and the ability of a franchisor to terminate or refuse to renew a franchise. Some foreign countries also have disclosure requirements and other laws regulating franchising and the franchisor-franchisee relationship, and the Company would be subject to applicable laws in each jurisdiction where it seeks to market additional franchised units.

ITEM 2 Business Experience

Executive Chairman of the Board and Chief Financial Officer - Paul W. Mobley was Chairman of the Board, Chief Executive Officer and Chief Financial Officer of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, from December 1991 until November 2014 when he became Executive Chairman and Chief Financial Officer. Mr. Mobley has been a Director and an Officer since 1974. Mr. Mobley has a B.S. in Business Administration from Indiana University and is a CPA. He is the father of A. Scott Mobley.

President, Chief Executive Officer, Secretary and a Director - A. Scott Mobley has been Chief Executive Officer of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since November 2014, a Director since January 1992 and Secretary since February 1993. Mr. Mobley has a B.S. in Business Administration magna cum laude from Georgetown University and an MBA from Indiana University. He is the son of Paul W. Mobley.

Director - Douglas H. Coape-Arnold has been a Director of the Company since 1999. Mr. Coape-Arnold has been Managing General Partner of Geovest Capital Partners L.P., 450 Parkway N., New York, NY 10022, since January 1997. Mr. Coape-Arnold is a Chartered Financial Analyst.

Director - Marcel Herbst has been a Director of the Company since July 2016. Mr. Herbst is the founder and portfolio manager of Herbst Capital Management, LLC, 834 W. Roscoe St. #2, Chicago, IL, 60657, from 2008 until current. Mr. Herbst has a Bachelor degree of Business Administration from Schiller International University in Heidelberg, Germany and a Master's degree of Management in Hospitality concentrating in food and beverage from Cornell University.

Executive Vice President of Franchising - Troy Branson has been Executive Vice President for the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since November 1997. Mr. Branson has a B.S. in Business from Indiana University.

Vice President of Franchise Services - James D. Bales has been Vice President of Franchise Services since of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since 2015. Prior to 2015, Mr. Bales had been Vice President of Operations from March 2008 until 2015. Mr. Bales attended Northern Kentucky University for Graphic Design, Inver Hills Community College for Business Management and obtained his B.S. in Business from the University of Phoenix.

ITEM 3 Litigation

The Company, from time to time, is involved in various litigation relating to claims arising out of its normal business operations.

The Company is not involved in any litigation requiring disclosure

ITEM 4 Bankruptcy

No bankruptcy information is required to be disclosed in this disclosure document

ITEM 5 Initial Fees

The initial franchise fee for a CP&P is \$30,000. With the sale of multiple CP&P franchises to a single franchisee, the franchise fee for the second unit is \$25,000 and the franchise fee for the third unit and any additional units is \$20,000 per unit.

The franchise fees are paid upon signing the Franchise Agreement and, when paid, shall be deemed fully earned and non-refundable in consideration of the administration and other expenses incurred by the Company in granting the franchises and for the lost and/or deferred opportunities to grant such franchises to any other party.

The marketing package is non-refundable and is paid either to the Company or to outside vendors for production of required marketing materials. Whether this amount is paid to the Company or an outside vendor depends on whether the franchisee elects to purchase the marketing materials directly from the Company or requests the materials from the Company in digital form, and then have a printer not affiliated with the Company print the physical materials.

ITEM 6 Other Fees

OTHER FEES

<u>Type of Fee (Note 1)</u>	<u>Amount</u>	<u>Due Date</u>
Royalty Fee (Note 2)	5% of gross sales	Payable weekly by Tuesday of the following week
Creative Fee (Note 2)	2% of gross sales	Payable weekly by Tuesday of the following week
Renewal Fee	\$3,000	Payable at the time a renewal franchise agreement is executed
Transfer Fee (Note 3)	\$5,000 (Note 4)	Prior to approval of transfer
Manual Replacement Fee	\$500	Prior to replacing any Manual
Audit Fee (Note 4)	Cost of audit plus up to 10% interest (Note 5)	Five days after demand

Note 1 - All fees are imposed by and are payable to the Company. All fees are non-refundable.

Note 2 - Royalty Fee and Creative Fee. The term "gross sales" means the total selling price of all products and services and all income of every other kind and nature related to the operation of the franchised unit, whether for cash or credit, except for (i) sales taxes collected directly from customers, and (ii) any other tax, excise or duty, levied or assessed against the franchisee by any federal, state or local authority based on sales of specific merchandise sold at or from the franchised unit, provided that such taxes are actually transmitted to the appropriate authority. You must pay to the Company a weekly royalty fee and creative fee based on the gross sales of the franchised unit for the preceding week for all products and services (as

defined in Section IV of the Franchise Agreement), payable by electronic withdrawal of such fees by draft on your bank account

Note 3 - Transfer Fee Any transfer or assignment of your rights under the Franchise Agreement requires our prior written consent. In order for us to review and consider giving our consent, you must pay \$2,000 of the \$5,000 transfer fee, which is non-refundable if consent is withheld, to cover our actual time in processing the request and the \$3,000 balance of the fee must be paid prior to approval of the transfer.

Note 4 - Audit Fees We have the right, at our own expense, to audit your books and records. You must pay us the amount of all royalty fees due plus interest, determined from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five percentage points higher than the 'prime rate' then currently established by the largest bank headquartered in the state in which the location is situated, on any unreported gross sales, as determined by such audit or review. In addition, should the audit disclose a deficiency in reported gross sales in excess of 3% of the actual audited amount of gross sales, you shall reimburse us for the cost of the audit. Any amount or amounts payable by you under this disclosure document shall be remitted to the Company within five days after demand. Additionally, if gross sales are not reported by the due date, Franchisor may charge Franchisee a \$25.00 administrative fee for every day sales are unreported following the due date with no additional notice being required.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (Note 1)	\$30,000	Lump Sum	Upon Signing Agreement	Noble Roman's, Inc
Equipment (Note 2)	\$165,000 to \$180,000	Lump Sum	As Contracted	Suppliers
Smallwares (Note 2)	\$15,000 to \$17,000	Lump Sum	As Contracted	Suppliers
Exterior Signage (Note 2)	\$10,000 to \$20,000	Lump Sum	As Contracted	Suppliers
Audio equipment (Note 2)	\$14,000 to \$20,000	Lump Sum	As Contracted	Suppliers
Furniture (Note 2)	\$20,000 to \$30,000	Lump Sum	As Contracted	Suppliers
Uniforms and Inventory (Note 2)	\$12,000 to \$15,000	Lump Sum	As Contracted	Suppliers
Leasehold Improvements (Note 2 and Note 6)	\$200,000 to \$325,000	Lump Sum	As Contracted	Suppliers
Initial Training Expense	\$10,000 to \$20,000	As Incurred	As Incurred	Employees and Suppliers
Additional Funds (Note 3)	\$20,000 to \$30,000	As Incurred	As Incurred	Employees and Suppliers
Total Initial Investment (Note 4 and Note 5)	\$496,000 to \$687,000			

Note 1 The initial franchise fee is deemed fully earned and non-refundable when paid.

Note 2 These costs are payable to the suppliers of the goods or services on terms negotiated between you and such suppliers. Generally, they are due and payable as the obligations are incurred and are not refundable.

Note 3 This estimates your initial start-up expense. These expenses include payroll costs, insurance and other miscellaneous expenses and are generally non refundable. These amounts are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our methods and your management skill, experience and business acumen. The Company relied on its experience selling franchises plus experience in the restaurant business in determining this estimate.

Note 4 The Company relied on recent purchases from suppliers and its experience in the restaurant business to prepare these estimates. You should review these amounts carefully before making any decision to purchase the franchise.

Note 5 Real estate cost is not included. It is assumed leased strip mall space generally known as a white box. The Company does not offer either directly or indirectly through any affiliated companies, financing to franchisees.

Note 6 This is an estimate for the gross amount of leasehold improvements from taking the location from a "white box" to the specifications of a CP&P. A portion of the cost is often times paid for by the landlord in the form of a tenant improvement allowance. The amount of that allowance is determined in your negotiations for the property lease with the landlord which would reduce your cost.

ITEM 8 Restrictions on Sources of Products and Services

You are required to purchase from distributors and suppliers approved by us all food products, facades, paper goods, marketing materials, menu boards, point-of-sale system, Noble Roman's customized ovens and signs. The Company has negotiated arrangements with its distributors and suppliers under which you will be entitled to purchase products and services at the same pricing as the distributors or suppliers offer to the Company. Other than these negotiated arrangements, the Company does not maintain any purchasing or distribution cooperative. Product specifications and standards are issued only to suppliers which have been approved by the Company. From time to time product specifications are changed as a result of market testing of new products and/or in order to obtain better quality or pricing for the products. None of our officers own an interest in any of our distributors or suppliers. We expect that approximately 80% of a franchisee's purchases of products and services in establishing and operating a franchise will be purchases from our approved suppliers.

Other than the items specified in the foregoing paragraph, you (i) are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the franchised businesses from Company approved providers, and (ii) are permitted to purchase all other items needed in the businesses from any source which meets the Company's standard specifications described in the Operating Standards Manuals for quality, cleanliness, uniformity and delivery, and that has been approved by the Company.

For our services, such as layout and design, coordinating equipment orders and monitoring shipping and installation of equipment, the Company receives a commission on certain equipment, smallwares and signage from various suppliers as a result of your purchases. The amounts of these commissions vary from time to time based on quantities purchased by the franchisees. The Company may also receive from time to time allowances, credits or rebates from other suppliers based on purchases by you. These amounts are generally tied to specials or quantities purchased during given time periods. Neither the Company nor any of its affiliates are approved suppliers.

If you desire to purchase any items from a supplier who has not previously been approved, you must request in writing the Company's approval of such supplier. Additional suppliers will generally be approved as long as their products meet our specifications and equal or exceed the quality standards of the approved products. Such quality standards will be determined solely by the Company. The Company will notify you within 10 days whether the request has been approved or denied. No fee is charged by the Company to approve a supplier. The Company reserves the right not to give approval to an unreasonable

number of suppliers for any particular item or service. The Company may revoke approval of any supplier upon written notice to you in the event any supplier fails to continue to meet the Company's standards or specifications. Any purchase by you from an unauthorized supplier may result in the termination of your Franchise Agreement. Except as specified in the preceding paragraphs, neither the Company nor any affiliate receives any income derived from purchases made by you from approved independent suppliers. Criteria used to determine whether or not a supplier is approved, is not available to you. Approval for certain suppliers can be revoked at the sole discretion of the Company, however, if revoked, the Company will make necessary arrangements for an alternative supplier to have been approved by the Company prior to, or simultaneous with, the revoking of approved supplier.

ITEM 9 Franchisee's Obligations

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

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
a Site selection and acquisition/lease	Section II	Item 11
b Pre-opening purchases/leases	Sections II	Item 8
c Site development and other pre-opening requirements	Sections II and V	Items 5, 6, 7 and 11
d Initial and ongoing training	Sections V and VII	Item 11
e Opening	Sections II and V	Item 11
f Fees	Section IV	Items 5 and 6
g Compliance with standards and policies/Operating Manual	Sections V, VII and VIII	Items 8, 11, 13 and 16
h Trademark and proprietary information	Sections IX and X	Items 13 and 14
i Restrictions on products/services offered	Section VIII	Items 8 and 16
j Warranty and customer service requirements	Section VIII	Item 11
k Territorial development and sales quotas	None	None
l Ongoing product/service purchases	Section VIII	Item 8
m Maintenance, appearance and remodeling requirements	Sections II, III and VIII	Items 11 and 17
n Insurance		None
o Advertising	Section VIII	Item 11
p Indemnification	Sections IX, XIII, XIV and XV	Item 13
q Owner's participation/management/staffing	Section VII and VIII	Items 11 and 15
r Records and reports	Sections IV and XI	Item 6
s Inspections and audits	Sections II, VII, VIII and XI	Items 6 and 11
t Transfer	Section XIV	Items 6 and 17
u Renewal	Section III	Items 6 and 17
v Post termination obligations	Section XVIII	Item 17
w Non-competition covenants	Section X	Item 17
x Dispute resolution	Section XIX	Item 17

ITEM 10 Financing

The Company does not offer direct or indirect financing. The Company does not guarantee your note, lease or any other obligation.

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems and Training

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

- (1) Franchisor's site selection guidelines and such site selection assistance as Franchisor may deem advisable.
- (2) Such assistance to Franchisee in the layout and design of the CP&P as Franchisor may deem necessary. You are responsible for the cost of preparing architectural, engineering and construction drawings, which you must submit to us for our review and approval before you begin construction of your location. You are responsible for the cost of construction and/or remodeling.
- (3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation, provided however, that if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.
- (4) The loan of one set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) of the Franchise Agreement. We will provide and list of approved vendors and specifications for equipment and other supplies for your restaurant. We will provide assistance in reviewing quotes, at Franchisor's discretion. You must purchase, install, maintain in efficient supply, and use, only fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications provided by the Franchisor.
- (5) Upon the opening of the Franchised Business, Franchisor shall provide Franchisee with a training program which also includes an on-the-job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a CP&P, furnished at such times and places as Franchisor reasonably deems necessary. You will be responsible for training your employees and independent contractors including any training on the day-to-day operations of the restaurant.
- (6) During the operation of the Franchised Business, such additional assistance as is reasonably necessary, in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards.

The Company expects the Franchisee to use print advertising and other local marketing activities in the market area immediately around each location. The print advertising may be distributed by the Franchisee in a variety of ways including newspaper, direct mail insert in a marriage mailer and hand distribution throughout the area. The Company is not required to spend any amount on advertising in the territory where a franchise is located. All materials to be used in the advertising may be created by our in-house advertising department and in-house graphic designers. Franchisees may create their own advertising so long as the use of our trademarks and the design of the advertisement is approved by the Company in its sole discretion. There is no advertising council composed of Franchisees that advises the Franchisor. The Company is not obligated to provide you with any advertising.

Non-Obligatory Post-Opening Assistance or Services After the opening of the restaurant, the Company, although not required by the Franchise Agreement or any other agreements, may

- (1) Maintain quality control, including periodic inspections of the Noble Roman's franchise,

- (2) Continue research and development programs to develop new and improved menu items and the ingredients and components of menu items
- (3) Police and protect the Company's trademarks from infringement, or
- (4) Offer advice and assistance to you in all phases of restaurant operations

The instructors in our training program will be officers, employees or agents of the Company and who have the necessary experience to conduct such training as judged by the Company in its sole discretion. Our instructors have an average of 11 years of experience with the Company and 27 years experience in the restaurant industry.

Other restaurant personnel designated by you who have been approved by the Company for initial training, may also attend the Company's on-the-job training program. The Company shall provide instructors and training materials for the training at no additional charge to you. On the job training shall be conducted by the Company at your franchise location. You are required to have two people from the principal, owner, officer, general manager or assistant manager attend a nine-day training program in Indianapolis, Indiana or such other place as designated by the Franchisor at your expense.

The training materials used in training include the Company's Standard Operating Procedures Manual, the Company's Marketing Manual, instructional materials for operation of ovens and use of the Company's pan seasoning and other handouts, including but not limited to, inventory ordering materials and cost worksheets, as provided by Franchisor.

Other than the expenses for instructors and training materials, you shall be responsible for any and all expenses incurred by you or any of your personnel in connection with any initial training program including travel and hotel expenses for the Indianapolis training.

The Company shall determine in its sole discretion, whether the franchisee and any of its personnel have satisfactorily completed the training program. If the training program is not satisfactorily completed by any such person, or if the Company in its reasonable business judgment, based upon the performance of such person(s) determines that the training program cannot be satisfactorily completed by such person(s), (i) you shall at the Company's request, designate a replacement for such person(s) who shall attend and complete, to the Company's satisfaction, the entire training program, or (ii) the Company may terminate the Franchise Agreement in accordance with Section XVII of the Franchise Agreement.

You and such other of your personnel, as the Company shall designate, shall attend such additional training programs and seminars as the Company may offer from time to time. For all such programs and seminars, the Company will provide the instructors and training materials, free of charge. You shall be responsible for any and all other expenses incurred by your personnel in connection with any additional training program including without limitation costs of travel, lodging, meals and wages.

In connection with the opening of your franchised unit, the Company shall provide to you, free of charge, an opening trained representative(s) of the Company to provide on-site pre-opening and opening training, supervision and assistance to you. The time period for which such assistance will be provided shall be determined by the Company.

TRAINING PROGRAM

Principal Supervisor (if Applicable), General Manager (if not self-operated),
Assistant Manager (nine days plus travel includes one study day/break)

Subject	Classroom Hours	In Training Unit Hours	Location
Introduction and Noble Roman's standard operating procedures overview	4	0	Corporate Headquarters (Indianapolis, IN)
Overview of equipment unit layout and business flow	0	1	Training Unit
Dough making	0	10	Training Unit
Pizza making and other food preparation	0	14	Training Unit
Order coordination, expediting and screening	0	6	Training Unit
Other job positions	0	3	Training Unit
Bar management and operation	0	3	Training Unit
Dining room operation and management	0	3	Training Unit
POS system functioning	0	4	Training Unit
Inventory, ordering, receiving and food cost labor	2	6	Training Unit
Scheduling, master scheduling, labor control	2	2	Training Unit
Administrative tasks	2	4	Training Unit
Marketing, test and concluding review	4	0	Corporate Headquarters (Indianapolis, IN)
TOTAL HOURS	14	56	

ON-SITE TRAINING

Provided by Noble Roman's Field Personnel

(Approximately five days before opening and approximately nine days after opening - at Noble Roman's discretion)

Subject	On The-Job Hours	Location
Restaurant set-up	20	Your restaurant
Oven set up	2	Your restaurant
Employee Training	25	Your restaurant
Friends and family and VIP party	8	Your restaurant
Post-opening general operations support	40	Your restaurant
Administrative training	5	Your restaurant
TOTAL HOURS	100	

ITEM 12 Territory

The Franchise Agreement, in the form attached to this Disclosure Document as Exhibit A, authorizes you to operate one CP&P franchise at one specific location that is pre-approved by the Company. You must receive the Company's permission to relocate. You are not restricted from accepting orders from outside of your territory if the orders are filled within the franchised business. The Franchise Agreement does not grant you any protected territorial rights or the right or license to operate the franchised business or to offer or to sell any products or services described in the Agreement at or from any site other than the location approved by the Company. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. The Company attempts to avoid establishing other franchised or company-owned outlets that may compete with your location but may not always be successful in doing so. The Company is not obligated to offer you additional franchised locations. The Company does not operate, franchise, or have any plans to operate or franchise any business under a different trademark that sells or will sell goods and services similar to those our franchisees offer.

ITEM 13 Trademarks

You are granted the right under the Franchise Agreement to operate a food service business under the trade name "Noble Roman's Craft Pizza & Pub" and to use in the franchised business all of the Company's trademarks, service marks and trade names which are presently or subsequently listed in the Manuals, as modified or revised from time to time, but only in the manner provided for in the Franchise Agreement and Manuals, and only at such times as the respective trademarks, service marks and trade names are in the Manuals.

A list of all trademarks and service marks currently listed in the Manuals, all of which have been registered with the United States Patent and Trademark Office on the Principal Register, is detailed below together with the applicable registration numbers and dates of registration. The Company's trademark registrations are current and have been renewed as necessary. All required affidavits of use have been filed with respect to the registrations, and, unless otherwise indicated, the registered marks have become incontestable.

Mark	Registration Number	Registration Date
'Noble Roman's	987,069	June 25, 1974
'Taste A Better Pizza'	1,331,478	April 16, 1985
"The Better Pizza People"	1,920,428	September 19, 1995
'The Pizza Bomb'	1,965,018	April 2, 1996
'Tuscano's Italian Style Subs	2,979,940	July 26, 2005
'Noble Roman's Bistro'	3,634,645	June 9, 2009
SuperSlice	3,717,603	December 1, 2009
Moble Roman's'	1,362,714	September 24, 1985
'Noble Roman's Pizza Monster'	1,741,904	December 22, 1992
'Noble Roman's Craft Pizza & Pub	87-235,008	Pending
"NR CP&P Carpe Pizza"	87-235,009	Pending

There are no currently effective material determinations of the patent and trademark office, trademark trial and appeal board, the trademark administrator of this state or any court involving the aforementioned trademarks nor is there any pending infringement, opposition, cancellation or material litigation involving such trademarks.

There are no agreements currently in effect which significantly limit the rights of the Company to use or license the use of the franchised trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the franchise.

It is your responsibility to notify the Company in writing of any infringement of the franchised trademarks and to cooperate with the Company in stopping such infringements. The Company has the sole right to determine the need for any legal action with respect to any infringement which may occur and to control and direct any such action. The cost of any such litigation or the policing of the franchised trademarks to protect against infringement is the responsibility of the Company. The Company, however, is not obligated by the Franchise Agreement or otherwise to institute legal or other action to protect the franchised trademarks or to protect you against claims of infringement or unfair competition relating to the franchised trademarks. No legal action for infringement or unfair competition relating to the licensed trademarks may be defended by you without the consent of the Company and you shall not have the right to control and direct such defenses. The Company is not obligated by the Franchise Agreement or any other agreement to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the franchised trademarks or if the proceeding is resolved unfavorably to you.

The Company has no knowledge of any infringing uses which could materially affect your right to use the registered trademarks, service marks and logos currently in use and identified in the Manuals. You may be required to modify your use of the franchised trademarks by the Company or use one or more additional or substitute marks during your operation of a franchise at your expense and you have no right to continue using those marks upon termination of the Franchise Agreement.

ITEM 14 Patents, Copyrights and Proprietary Information

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in the Manuals. The Manuals are described in Item 11. Although the Company has not filed an application for a copyright registration for the Manuals, the Company claims a copyright and the information is proprietary. The Company also considers its recipes, including those for pizza dough, sauce and breadsticks, to be trade secrets, which you are given permission to use by the Franchise Agreement.

You are required to take steps to protect the confidentiality of proprietary information belonging to the Company. You must also promptly tell us when you learn about unauthorized use of this proprietary information. The Company is not required to take any action but will respond to this information as we think appropriate. You must also agree not to contest the Company's interest in these or our other proprietary information or trade secrets. If the Company decides to add, modify or discontinue the use of an item for which the Company claims a copyright, you must also do so.

ITEM 15 Obligation to Participate in the Actual Operation of the Franchise Businesses

Upon the execution of the Franchise Agreement, you shall designate a management structure of the CP&P franchise, which must be approved by Franchisor. Two people from the following principal, supervisor, owner, general manager or assistant manager must attend the training program in Indianapolis, Indiana, as determined by the Company and be approved by the Company. If you are an individual, you shall perform all of the obligations of the General Manager. If you are an entity, you may hire an individual, who is acceptable to the Company, to serve as General Manager. The General Manager shall devote best efforts to the supervision and conduct of the franchised business. The General Manager must supervise the franchised business on-site. There are no requirements for the General Manager to have any equity interest in the franchised business. We impose no restrictions on the General Manager not previously covered except we may require the General Manager to sign a Confidentiality Agreement.

ITEM 16 Restrictions on What the Franchisee May Sell

You must sell, and may only sell, those products designated in the Manual from time to time as being included in the CP&P menu and meeting the quality standards detailed in the Manual. The Company may change the Manual from time to time in its sole discretion. Should you desire to sell any products not authorized in the Manual, you must first secure the Company's written approval, which may be granted or withheld in the sole discretion of the Company. You are only authorized to operate the franchised unit at the facility location specified in the Franchise Agreement. The sale of beer and wine is a standard part of the CP&P menu. The Company has not set any minimum or maximum prices that franchisees may charge.

ITEM 17 Renewal, Termination, Transfer and Dispute Resolution

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a) Length of franchise term	Section III	Term is for 15 years
b) Renewal or extension of the term	Section III	Upon expiration, if you are in good standing, for a term of five years
c) Requirements for franchisee to renew or extend	Section III	Advance notice, renewal fee, remodel premises, execute new franchise agreement and release. The new franchise agreement may have materially different terms and conditions than the original agreement.
d) Termination by franchisee	Section XVII	If Franchisor becomes insolvent and fails to perform in accordance with any material term of this agreement and fails to remedy that default within thirty days after written notice, Franchisee may terminate the agreement.
e) Termination by the franchisor without "cause"	None	
f) Termination by the franchisor with "cause"	Section XVII (See Note 1)	The Company may terminate the Franchise Agreement on immediate notice to you and without giving you any opportunity to cure upon the occurrence of any event of default in Section XVII A (3).
g) 'Cause' defined – curable defaults	Section XVII	This definition of 'cause' includes, among other things, the failure to

Provision	Section in Franchise Agreement	Summary
		adhere to certain other provisions of the Franchise Agreement or the Manuals See Note 2
h) 'Cause' defined – Noncurable defaults	Section XVII	This definition of "cause" includes, among other things, site not approved, failure to open restaurant timely, sale of unapproved products, abandonment of premises, conviction of a felony, threat or danger to public health, unapproved transfer, failure to pay amounts due within five days after notice, violation of confidentiality and non competition covenants misuse of trademarks, failure to complete required training programs
i) Franchisee's obligations upon termination/non renewal	Section XVII and XVIII	Upon termination or non-renewal, you must, among other things, cease operation of the restaurant, cease use of Noble Roman's products, cease use of the trademarks and proprietary information, pay all amounts due Company, return Manuals, provide Company with required information regarding supplies and operation of the restaurant
j) Assignment of contract by franchisor	Section XIV	No restriction on the right to assign by Company
k) "Transfer" by franchisee - defined	Section XIV	Includes transfer of interest in Franchise Agreement, restaurant or franchise
l) Franchisor approval of transfer by franchisee	Section XIV	Company has the right to approve all transfers, but will not unreasonably withhold approval
m) Conditions for franchisor approval of transfer	Section XIV	All amounts due Company paid, including the franchise transfer fee of \$5,000, new franchisee approved execution of a new Franchise Agreement and completes training program
n) Franchisor's right of first refusal to acquire franchisee's business	None	
o) Franchisor's option to purchase franchisee's business	None	

Provision	Section in Franchise Agreement	Summary
p) Death or disability of franchisee	Section XIV	Survivors must either apply within 90 days of death to continue operation which application is subject to Franchisor's approval or sell the franchise within 180 days in accordance with Section XIV
q) Noncompetition covenants during the term of the franchise	Section X	No involvement in competing business (retail eating establishment featuring pizza and/or breadsticks)
r) Noncompetition covenants after the franchise is terminated or expires	Section X	No involvement for a period of two years in competing business of Franchisee's franchise
s) Modification of the agreement	Section XIX	No modifications unless mutual written agreement but Manuals may be changed unilaterally and at any time by the Company
t) Integration/merger clause	Section XIX	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and the Franchise Agreement will not be enforceable
u) Dispute resolution by arbitration or mediation	N/A	N/A
v) Choice of forum	Section XIX	Must submit disputes to a court in Indianapolis, Indiana, except as described in Note 4
w) Choice of law	Section XIX	Indiana law applies, except as described in Note 4

Note 1 Automatic Termination The Franchise Agreement shall automatically terminate without any notice or action required by the Company upon the insolvency or bankruptcy of you, as detailed in Section XVII A(2) of the Franchise Agreement. This provision may not be enforceable under federal bankruptcy law

Note 2 Termination by the Company on Thirty (30) Days' Notice The Company may terminate the Franchise Agreement upon your failure to commence to cure on thirty (30) day notice or fail to cure fully to the Company's satisfaction within thirty (30) days after such notice with respect to any event detailed in Section XVII B of the Franchise Agreement

Note 3 Post-termination Obligations of the Franchisee You are obligated upon termination of the Franchise Agreement for any reason, including termination for cause or expiration of the Franchise

Agreement without renewal, to perform the duties detailed in Sections XVIII A through XVIII L of the Franchise Agreement

Note 4 Certain states have statutes which may supersede the Franchise Agreement in your relationship with the Franchisor, including with respect to termination and renewal of your franchise. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including with respect to termination and renewal of your franchise.

ITEM 18 Public Figures

The Company does not use any public figure to promote its franchise.

ITEM 19 Financial Performance Representations

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

As of March 31, 2018, the Company had three CP&P locations open and a fourth location under development with plans to open in late May 2018, all of which are owned and operated by the Company.

Location #1, opened on January 31, 2017, had total sales for the 11 months open in 2017 of \$1.75 million with cost of sales of 23.8%, cost of salaries and wages of 30.8% and operating profit of 24.1%. During the first three months of 2018, this location had sales of \$450 thousand, cost of sales of 21.8%, cost of salaries and wages of 29.2% and operating profit of 25.9%.

Location #2, opened November 17, 2017, had total sales for the 1.5 months from open in 2017 of \$225 thousand with cost of sales of 24.5%, cost of salaries and wages of 30.7% and operating profit of 23.7%. During the first three months of 2018, this location had sales of \$394 thousand, cost of sales of 23.4%, cost of salaries and wages of 33.5% and operating profit of 17.5%.

Location #3, opened January 18, 2018, had total sales for the 2.5 months open prior to March 31, 2018 of \$373 thousand with cost of sales of 21.1%, cost of salaries and wages of 32.1% and operating profit of 22.5%.

The results above are not necessarily indicative of a full year nor are they necessarily indicative of the results you will obtain in your location.

ITEM 20 Outlets and Franchisee Information

The Company has three CP&P restaurants as of March 31, 2018 with a fourth location to open in late May 2018 and no CP&P restaurants in 2016, 2015 and 2014. For Franchised Store Summary for Fiscal Years Ended December 31, 2016, 2015 and 2014 of stores opened, closed or transferred, please refer to the following charts for CP&P locations.

A list of the names of all franchisees and their addresses are attached as Exhibit E to this Disclosure Document.

CRAFT PIZZA & PUB OUTLET SUMMARY FOR FISCAL YEARS ENDED DECEMBER 31, 2016 / 2015 / 2014				
	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	0	0	0
	2015	0	0	0
	2014	0	0	0
Company Owned	2016	0	0	0
	2015	0	0	0
	2014	0	0	0
Total Outlets	2016	0	0	0
	2015	0	0	0
	2014	0	0	0

CRAFT PIZZA & PUB TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (other than Franchisor)		
State	Year	Number of Transfers
Totals	2016	0
	2015	0
	2014	0

CRAFT PIZZA & PUB STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31 2016 / 2015 / 2014								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
TOTALS	2016	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0

The name and last known address of the franchisees who voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year is attached as Exhibit F. If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system. In some instances, former franchisees sign provisions restricting their ability to speak openly about their experience with Craft Pizza & Pub.

CRAFT PIZZA & PUB STATUS OF COMPANY OWNED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31, 2016 / 2015 / 2014							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
TOTAL	2016	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2014	0	0	0	0	0	0

PROJECTED OPENINGS OF CRAFT PIZZA & PUB OUTLETS AS OF DECEMBER 31, 2016			
State	Franchise Agreement Signed But Store Not Open	Projected Franchised New Stores in the Next Fiscal Year (2017)	Projected Company- Owned Openings in Next Fiscal Year
Indiana	0	2	2
TOTALS	0	2	2

ITEM 21 Financial Statements

Attached to this Disclosure Document as Exhibit "B" are audited consolidated balance sheets of Noble Roman's, Inc. as of December 31, 2016 and 2017 and audited statements of operations, stockholders' equity and cash flows for each of the years ending December 31, 2015, 2016 and 2017.

ITEM 22 Contracts

A copy of the Franchise Agreement for a Noble Roman's franchise is attached as Exhibit "A" to this Disclosure Document.

ITEM 23 Receipts

Attached, as the last pages of this Disclosure Document, are two Acknowledgment of Receipt forms. These receipts must be detached, completed and one copy must be returned by you to us upon delivery of the Disclosure Document. This Disclosure Document must be provided to you at least 14 days prior to the execution of the Franchise Agreement.

1

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND
THE FRANCHISE AGREEMENT

Notwithstanding any provision described in the Offering Circular or contained in the Franchise Agreement

- 1 The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular
- 2 California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning terminations, transfers, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control
- 3 California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise
- 4 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.)
- 5 The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. The provision may not be enforceable under California law
- 6 The Franchise Agreement requires application of the laws of the State of Indiana. This provision may not be enforceable under California law
- 7 There are no liquidated damages provisions in the Franchise
- 8 Neither the Franchisor or any of the persons listed in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange
- 9 Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at www.corp.ca.gov
- 10 You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043)
- 11 You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control

Except as specifically provided herein, the terms of the Franchise Agreement, as described in the offering circular and contained in the Franchise Agreement, shall remain in full force and effect and are expressly ratified hereby

Franchisee

Print Name of Franchisee

EXHIBIT A

**CRAFT PIZZA & PUB
FRANCHISE AGREEMENT**



**NOBLE ROMAN'S, INC
FRANCHISE AGREEMENT
(NOBLE ROMAN'S CRAFT PIZZA & PUB)**

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 2018, by and between Noble Roman's, Inc , an Indiana corporation ("Franchisor"), and _____ ("Franchisee")

RECITALS

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system relating to the establishment and operation of Craft Pizza & Pub restaurants featuring pizza, breadsticks, other related food items, beer and wine (the "System")

The distinguishing characteristics of the System include, without limitation, a distinctive interior design, menu, system of operation and signage, special recipes and menu items, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time, and may (but need not) in the future include additional procedures, operations and specifications as may hereafter be designated by Franchisor in writing for use in the System

Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Noble Roman's Craft Pizza & Pub," the mark "NR CP&P Carpe Pizza," the mark "Noble Roman's Pizza" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now, and may hereafter be, designated by Franchisor in writing, for use in connection with the System (collectively, the "Marks")

Franchisor continues to develop, use and control the use of the Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service

Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the franchise granted hereunder in conformity with standards and specifications of the Franchisor

Franchisee desires to use the System in connection with the operation of a Noble Roman's Craft Pizza & Pub in its facility (the "Facility") at the location specified,

_____ (the "Location"), and to receive the other assistance provided by Franchisor in connection therewith

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows

SECTION I - GRANT

A Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, subject to the terms and conditions of this Agreement the right, license and privilege to use the Marks and the System in the operation of a Noble Roman's Craft Pizza & Pub for a period of fifteen (15) years from the date of opening a Noble Roman's Craft Pizza & Pub at the Location (the "Franchised Business") Other than the rights expressly granted herein, nothing contained in this Agreement shall be construed to vest in the Franchisee any right, title or interest in, under or to the Marks and the System, or the goodwill now or hereafter associated therewith

B The specific street address of the Location is described on Page 2 of this Agreement Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor

This Agreement does not grant to Franchisee any protected territorial rights or the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any site other than the Location Delivery of products may be approved, at the discretion of Franchisor, for products prepared at the Location, within a specified delivery area around the Location

C If Franchisee is unable to continue the operation of the Franchised Business at the Location because of the occurrence of a force majeure event described in Section XVII A (3)(f), then Franchisee may request Franchisor's approval to relocate the Franchised Business to another location, which approval shall not be unreasonably withheld Any subsequent request to relocate the Franchised Business shall also be subject to the same procedures If Franchisor elects to grant Franchisee the right to relocate the Franchised Business, then Franchisee shall comply with the site selection and construction procedures set forth in Section II

SECTION II - PLANS AND CONSTRUCTION

A Franchisee assumes all cost, liability, expense and responsibility for locating, selecting, obtaining and developing a site for the Franchised Business and for constructing and equipping the Franchised Business at such site

B Franchisee shall, at its sole cost and expense, purchase and cause to be installed, as specified by the Franchisor, (i) approved exterior signage, (ii) approved point-of-sale system, (iii) approved ovens and other kitchen equipment and (iv) interior decor, and dining room equipment and anything affecting the appearance

C Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Noble Roman's Craft Pizza & Pub and commence business within __ days after the execution of this Agreement, unless Franchisee obtains an extension of such time period from Franchisor in writing. Franchisor will not unreasonably withhold approval of one or more thirty (30) day extensions in the event of delay(s) due to circumstances beyond Franchisee's control. Prior to opening, Franchisee shall complete all of the requirements specified in Section II B and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Section VII, to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Noble Roman's Craft Pizza & Pub and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

SECTION III - TERM AND RENEWAL

A Unless sooner terminated as provided in Section XVII hereof, the term of this Agreement shall commence on the date of execution stated on the first page of this Agreement and continue in full force and effect until the expiration of fifteen (15) years from the "Opening Date" defined as the first day the Franchisee opens the franchise for business.

B Upon expiration of the initial fifteen (15) year term of this Agreement, or any renewal thereof, Franchisee may, with the consent of the Franchisor, renew the franchise granted hereunder for an additional term of five (5) years, provided that any such renewal shall automatically terminate upon the expiration or termination of Franchisee's right to operate the Franchised Business at the Location and be subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of each renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's desire to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term or any renewal term.

(2) Franchisee shall repair or replace, at Franchisee's cost and expense, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, point of sale marketing materials, menu panels, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business and shall otherwise modernize the Restaurant premises, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Confidential Noble Roman's Craft Pizza & Pub Procedure Manual (the "Confidential Manual") or otherwise provided in writing by Franchisor.

(3) At the point of renewal, Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee shall have substantially complied with all the material terms and conditions of such agreements during the terms thereof,

(4) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates,

(5) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Location or obtain Franchisor's approval of a new site for the operation of the Franchised Business for the duration of the renewal term of this Agreement,

(6) Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, creative fee, advertising contribution or expenditure requirement,

(7) Franchisee shall comply with Franchisor's then-current qualification and training requirements, and

(8) Franchisee shall pay to Franchisor a renewal fee in the amount of Three Thousand Dollars (\$3,000) at the time the renewal franchise agreement is executed

SECTION IV - FEES

A Franchisee shall pay to Franchisor a franchise fee in the amount of _____ Dollars (\$_____) payable at the time the Franchise Agreement for such franchise is executed

The initial franchise fee when so paid shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party

B During the term of this Agreement, Franchisee shall pay to Franchisor in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") in the amount of five percent (5%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub (as defined in Section IV C hereunder) and a creative advertising fee ("Creative Fee") in the amount of two percent (2%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub, as defined above. Franchisee shall also pay to Franchisor a continuing weekly advertising fee ("Advertising Fee") in the amount of three percent (3%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub as defined herein, for all markets which, in the sole discretion of the Franchisor, have enough penetration to make joint advertising economically feasible

Such Royalty Fee, Creative Fee and Advertising Fee, if any, shall be due and payable each week based on the Gross Sales for the preceding week (for purposes of this Agreement a week shall commence at 12 01 a m on Monday and end at 11 59 p m on the following Sunday) and shall be paid electronically (draft on Franchisee's bank account by electronic withdrawal) so that it is received by Franchisor on or before Tuesday of each week from a direct draw account designated by Franchisee for purposes of payment of the Royalty Fee, Creative Fee and Advertising Fee

(1) At Franchisor's request, Franchisee shall promptly execute or re-execute within five (5) days after Franchisor's request, and deliver to Franchisor an appropriate agreement as required by Franchisee's bank to enable Franchisor to collect electronically (draft on Franchisee's account by electronic withdrawal), the Royalty Fee, Creative Fee and Advertising Fee payable under the terms of this Agreement. If the Franchisee changes its bank and/or bank account from which royalties are paid, Franchisee shall provide no less than ten (10) days' written notice to Franchisor prior to making such change

(2) Franchisee shall report its Gross Sales by facsimile transmission, e-mail, telephone, or by such other method as Franchisor may reasonably direct, by noon on Monday (Eastern Standard Time) ("Due Date") after the end of each week or at such other times as are established by Franchisor in its sole discretion. Franchisor will then deposit or transfer the reported amounts due into its own account, using the Franchisee's pre-authorized checks agreement. If any draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay the resulting bank fees imposed on Franchisor plus a \$25 administrative fee

Any Advertising Fee collected shall be placed in a separate bank account by the Franchisor and shall only be spent on advertising to benefit the Franchisee

(3) Any payment or report of Gross Sales not actually received by Franchisor on or before the Due Date shall be deemed overdue. Time is of the essence with respect to all reports of Gross Sales and payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five (5) percentage points per annum higher than the "prime rate" then currently established by the largest bank (determined by total bank assets) headquartered in the state in which the Location is situated. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If Gross Sales are not reported by the Due Date, Franchisor may charge Franchisee a \$25 administrative fee for every day sales are unreported following the due date with no additional notice being required

C For the purposes of determining the Royalty Fee, Creative Fee or Advertising Fee, if any, to be paid hereunder, the term "Gross Sales" shall mean the total selling price of all products and services and all income of every other kind and nature related to the Noble Roman's Craft Pizza & Pub, whether for cash or credit and regardless of collection in the case of credit, but expressly excluding sums representing sales taxes collected directly from customer, based upon present or future laws of federal, state or local governments, by Franchisee in the operation of the Noble Roman's Craft Pizza & Pub, and any other tax, excise or duty which is

levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Noble Roman's Craft Pizza & Pub

All proceeds from the sale of coupons, gift certificates or vouchers are included within the definition of "Gross Sales", provided that the retail price thereof may be credited against Gross Sales during the week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee, Creative Fee or Advertising Fee, if any, is due

D Franchisee shall pay such other fees or amounts described in this Agreement

SECTION V - FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the services described below with regard to the Franchised Business

(1) Franchisor's site selection guidelines and such site selection assistance as Franchisor may deem advisable

(2) Such assistance to Franchisee in the layout and design of the Noble Roman's Craft Pizza & Pub as Franchisor may deem necessary

(3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation, provided, however, that if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages

(4) The loan of one (1) set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) hereof

(5) Prior to opening the Franchised Business, Franchisor shall provide the Franchisee a training program as designed or modified by time by Franchisor, and upon the opening of the Franchised Business, Franchisor shall provide Franchisee with an ongoing on-the-job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a Noble Roman's Craft Pizza & Pub, furnished at such times and places as Franchisor reasonably deems necessary

(6) During the operation of the Franchised Business, such additional assistance as is reasonably necessary, in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards

SECTION VI - FRANCHISOR'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

A Franchisor represents and warrants that Franchisor is a corporation duly organized and validly existing under the laws of the State of Indiana

B Franchisor represents and warrants that Franchisor has full right and power under its bylaws and articles of incorporation to grant Franchisee the franchise as contemplated herein and perform the same and that the execution of this Agreement by Franchisor does not infringe upon or constitute a default under any agreement or covenant to which Franchisor is a party or violate or conflict with any law or regulation by which Franchisor is bound

C Franchisor represents and warrants that Franchisor has all rights, title and interest to and in the Marks and has the power and authority to grant to the Franchisee the right to use the Marks as set forth herein

D Franchisor represents, acknowledges, agrees, covenants and warrants that Franchisor will take or cause to be taken at its cost all steps necessary to

(1) Maintain the confidentiality of its secret recipes, secret recipe products and other licensed trade secrets in accordance with all relevant laws,

(2) Prepare, execute and file all documents, notices, applications, registrations and timely renewals thereof or other documents required or necessary for the protection of the Marks, and

(3) Defend the Marks

E Franchisor represents and warrants that no filing, registration, approval or consent heretofore not obtained from any governmental agency or instrumentality or any stock exchange authority is required for the authorization, execution, delivery or performance by Franchisor of this Agreement

Franchisor acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VI A-E are continuing obligations of Franchisor and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. The franchisor will make reasonable efforts to cooperate with Franchisee in any efforts made by Franchisee to verify compliance with such representations, warranties and covenants

SECTION VII - FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

A Franchisee shall covenant and agree to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales

B If Franchisee is a corporation, limited liability company or partnership, Franchisee represents, warrants and covenants that

(1) Franchisee is duly organized and validly existing under the state law of its formation,

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification,

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or limited liability company, permitted under Franchisee's written partnership agreement or operating agreement and have been duly authorized by Franchisee,

(4) Franchisee's Principals (as defined in Section XIX N) shall each execute and bind themselves to the confidentiality covenants set forth in the Confidentiality Agreement which forms Attachment A to this Agreement (see Sections X B and X C(4))

(5) Franchisee shall furnish to Franchisor a certificate of insurance, from an insurance company satisfactory to Franchisor, naming Franchisor as an additional insured with such limits as may reasonably be required by Franchisor. Franchisee shall furnish said certificate of insurance within fifteen days after signing this Agreement

Franchisee acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VII B(1) through (5) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants

C Management of the Noble Roman's Craft Pizza & Pub

(1) The Noble Roman's Craft Pizza & Pub shall at all times be under the direct, day-to-day, full-time supervision of Franchisee or a manager (the "General Manager") who shall have been approved by the Franchisor. If the General Manager supervises the Franchised Business, the Franchisee shall remain active in overseeing the operations of the Franchised Business conducted under the supervision of the General Manager. As one requirement of receiving approval of Franchisor, at least two of the following people, principal, owner, supervisor, general manager or assistant manager, must successfully complete Franchisor's then current nine-day training program in Indianapolis, Indiana or another location as determined by Franchisor

(2) Franchisee shall at all times faithfully, honestly and diligently perform all obligations hereunder and continuously exert best efforts to promote and enhance the business of the Noble Roman's Craft Pizza & Pub

D Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders

E Franchisee shall comply with all other requirements and perform such other obligations as provided hereunder

SECTION VIII - FRANCHISED BUSINESS OPERATIONS

A Franchisee understands and agrees to the importance of maintaining uniformity among all of the units of Noble Roman's Craft Pizza & Pub and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Noble Roman's Craft Pizza & Pub Franchisee shall diligently adhere to all standards and specifications relating to the operation and appearance of the Noble Roman's Craft Pizza & Pub

B Franchisee shall maintain Noble Roman's Craft Pizza & Pub in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repair, repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, computer hardware and software), and decor as Franchisor may reasonably direct and shall obtain, at Franchisee's cost and expense, any new or additional equipment (including computer hardware and software), fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Noble Roman's Craft Pizza & Pub or its premises without the prior written approval of Franchisor

C To assure the continued success of the Noble Roman's Craft Pizza & Pub, Franchisee shall, upon the request of Franchisor, make other improvements to modernize the Noble Roman's Craft Pizza & Pub premises, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, to Franchisor's then-current standards and specifications Notwithstanding the above, Franchisee agrees that if so requested by Franchisor it will make such capital improvements or modifications described in this Section VIII C at any time within six (6) months after receipt of written notice from Franchisor, or, if such capital improvements or modifications contemplated in this Section VIII C are in excess of Twenty-Five Thousand Dollars (\$25,000), at such other time that a majority of the other Noble Roman's Craft Pizza & Pub units have made or are utilizing best efforts to make such improvements or modifications

D Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other products used or offered for sale at Noble Roman's Craft Pizza & Pub Except as provided in this Section VIII D, Franchisee shall obtain such items from suppliers (including manufacturers, distributors, warehouses and other sources) who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier and who have not thereafter been disapproved by Franchisor If Franchisee desires to purchase,

lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisee's failure to comply with the provisions of this Section VIII D shall be deemed a material event of default under this Agreement.

E To ensure that the highest degree of quality and service is maintained, Franchisee shall operate Noble Roman's Craft Pizza & Pub in strict conformity with such methods, standards and specifications of Franchisor as are set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, Franchisee also agrees

(1) To sell or offer for sale all menu items, products and services required by Franchisor and in the manner and style prescribed by Franchisor with respect to Noble Roman's Craft Pizza & Pub, as expressly authorized by Franchisor in writing.

(2) To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor, to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent, and to discontinue selling and offering for sale any menu items, products or services which Franchisor shall, in its sole discretion, disapprove in writing at any time.

(3) To maintain an adequate inventory of all perishable items, non-perishable items and frozen products used in the operation of the Franchised Business, and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that are in strict conformity to Franchisor's standards and specifications, to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients, and to refrain from deviating from Franchisor's standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without Franchisor's prior written consent.

(4) To strictly conform to the service standards and mode of service prescribed by Franchisor, including, but not limited to, speed of service, service procedures, maintenance of ready to serve products and order taking and production methods, as may be modified by Franchisor in writing from time to time.

(5) To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory, or from the Noble Roman's Craft Pizza & Pub, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. All such sampling shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(6) To grant Franchisor and its agents the right to enter upon Noble Roman's Craft Pizza & Pub premises at any reasonable time for the purpose of conducting inspections, to

cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, to permit representatives to view and print and/or copy POS or other reports, invoices, receipts and other materials as they relate to the Noble Roman's Craft Pizza & Pub, and to permit representatives of Franchisor to take photographs, movies or videotapes of Noble Roman's Craft Pizza & Pub and to interview employees and customers of Noble Roman's Craft Pizza & Pub, provided, however, that such activities by Franchisor shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. The Franchisor shall have the exclusive right to use any photograph, movie, videotape, or other material prepared in connection with an inspection of the Noble Roman's Craft Pizza & Pub, and shall have no obligation to obtain Franchisee's permission, or to compensate Franchisee in any manner, in connection with the use of such materials for advertising, training or other purposes. Upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

(7) To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations

(8) To maintain hours of operation as prescribed from time to time by Franchisor, with any deviation therefrom, including seasonal operation, permitted only with the prior written consent of Franchisor

F Franchisee acknowledges and agrees that Franchisor and its affiliates have developed and may develop for use in the System certain products which are prepared from highly confidential secret recipes and which are trade secrets of Franchisor, including, without limitation, pizza dough, sauce and breadsticks, as well as any other secret recipe products now or hereafter designated in the Manuals. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that Franchisee shall use only Franchisor's designated products and shall purchase solely from Franchisor or Franchisor's suppliers all of Franchisee's requirements for such products. Franchisee's use of such products is limited to this Location only.

G Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor. All such advertising and promotional materials, signs, decorations, paper good (including menus and all forms and stationery used in the Franchised Business) shall be submitted to Franchisor for approval prior to production or use of such items.

H Franchisee shall process and handle all consumer complaints connected with or relating to the Franchised Business, and shall promptly notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) safety or health violations, (iii) claims exceeding \$1,000, and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any inspection reports affecting the Noble Roman's Craft Pizza & Pub or equipment located in the Franchised

Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof

I Franchisee acknowledges and agrees that Franchisee may not offer or advertise home delivery service without the express written approval of Franchisor in Franchisor's sole discretion. If Franchisor approves Franchisee's offering home delivery, Franchisee acknowledges and agrees that Franchisor shall have the right to limit or restrict the area to which Franchisee may offer or advertise home delivery and Franchisee shall strictly adhere to Franchisor's policies and procedures concerning home delivery including, but not limited to, insurance requirements

SECTION IX - MARKS

A Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications, however, any use of the marks shall be submitted to Franchisor for approval prior to production or use of such items

B Franchisee expressly understands and acknowledges that

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them

(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Noble Roman's Craft Pizza & Pub and only at or from the Location or in approved advertising related to the Noble Roman's Craft Pizza & Pub

(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks

(4) Franchisee shall not contest the validity of the interest of Franchisor or any of its affiliates in the Marks or assist others to contest the validity of the interest of Franchisor or any of its affiliates in the Marks

(5) Franchisee acknowledges that any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor

all such right, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks

(6) Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks

C With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that

(1) Unless otherwise authorized or required by Franchisor, Franchisee shall (i) use the Marks only in connection with the operation of the Noble Roman's Craft Pizza & Pub and only with the express written consent of Franchisor, and (ii) operate and advertise the Franchised Business only under the name "Noble Roman's Craft Pizza & Pub" without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name

(2) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Noble Roman's Craft Pizza & Pub in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing

(3) Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor

(4) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability

D Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and, except as otherwise required by law, Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or proceeding in the Patent and Trademark Office or any other forum arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or proceeding in the Patent and Trademark Office or any other forum, or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable

in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement

E Franchisee acknowledges and agrees that certain portions of Noble Roman's Craft Pizza & Pub decor and design constitute unique and protectable images to the consumer identified with Franchisor, which are a part of the goodwill associated with the System. Franchisee agrees the usage of such decor and design elements shall inure to the exclusive benefit of Franchisor. This Agreement does not grant any ownership or other interest in Noble Roman's Craft Pizza & Pub decor and design elements to Franchisee.

SECTION X - CONFIDENTIALITY AND NON-COMPETITION COVENANTS

A (1) To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

(2) Franchisee and Principals shall at all times treat the Manuals, any written directives of Franchisor, and any other manuals and materials, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section X. Franchisee and Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person.

(3) The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

(4) The Manuals, any written directives, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement but shall not impose any additional obligation on Franchisee beyond those imposed by this Agreement.

(5) Franchisor may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed standard.

(6) Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

(7) Franchisor will charge a replacement fee of Five Hundred Dollars (\$500) for any replacement Manuals

B Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of Noble Roman's Craft Pizza & Pub under the terms of this Agreement. Franchisee and the Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon franchisee and each of the Principals.

Notwithstanding anything to the contrary contained in this Agreement, and provided that Franchisee has obtained Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Franchisee's disclosure and use of confidential information shall not apply to (a) information, process or techniques that are or become generally known in the fresh baked pizza industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee, or (b) disclosure of confidential information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose such information, provided that Franchisee shall have used its best efforts to obtain, and shall have afforded Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

Franchisee shall require and obtain execution of covenants similar to those set forth in Section X B from its General Manager, and any other personnel of Franchisee who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment A. All of Franchisee's Principals must also execute such covenants.

C Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Principals will receive valuable trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee and the Principals and Franchisee's managers and employees. Franchisee and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Noble Roman's Craft Pizza & Pub, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such

specialized training, trade secrets, confidential information and rights, Franchisee and the Principals covenant that

(1) With respect to Franchisee, during the term of this Agreement except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System

(b) Own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which business is of a character and concept similar to the Noble Roman's Craft Pizza & Pub, including, but not limited to, a pizza business which offers as a menu item or in a mix of menu items, pizza and/or breadsticks

(2) For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's interest in this Agreement and continuing for two years thereafter, except as otherwise approved in writing by Franchisor, Franchisee shall not, for itself, or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System

(b) Employ or solicit for employment, any person who franchisee knows is at that time or was, within the preceding thirty (30) days, employed by Franchisor or by any other Franchisee or affiliate of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee

(c) Own, maintain, operate, engage in, be employed by or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to Noble Roman's Craft Pizza & Pub, including a restaurant business that offers as a menu item, or in a mix of menu items, pizza and/or breadsticks

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

(a) Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section X C, or any portion thereof, without their consent, effective immediately upon notice to Franchisee, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIX B hereof

(4) Franchisee shall require and obtain execution of covenants similar to those set forth in this Section X C from its shareholders. Such covenant shall be substantially in the form set forth in Attachment A

XI - BOOKS AND RECORDS

A Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, daily sales records, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, monthly sales tax records and returns, cash receipts and disbursements, journals and ledgers in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing

B In addition to the remittance reports required by Sections IV and VIII hereof, Franchisee shall comply with the following reporting obligations

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor Franchisee's quarterly balance sheet and statement of operations for the Franchised Business within thirty (30) days after the end of each calendar quarter prepared in accordance with generally accepted accounting principles

C Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy the books and records, including record of purchases, of Franchisee as Franchisor may require at the Noble Roman's Craft Pizza & Pub. If any audit or review determines that required royalty payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section IV B (3). If an inspection discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity

D Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments,

they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee

SECTION XII

[This Section Has Been Reserved]

SECTION XIII - DEBTS AND TAXES

A Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Section XV, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not.

B Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes, except as otherwise required by law. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of moneys, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

C In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

D Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

E Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

SECTION XIV - TRANSFER OF INTEREST

A Franchisor and its affiliates shall have the right to transfer or assign this Agreement and all or any part of their rights, interests or obligations hereunder or in Franchisor to any person or legal entity. Nothing contained in this Agreement shall require Franchisor to offer any services or products, whether or not relating to the Marks, to Franchisee if Franchisor assigns all of its rights, privileges, duties and obligations under this Agreement.

B Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee. Accordingly, neither Franchisee nor any shareholder owning (directly or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business, or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

(1) Franchisee acknowledges and agrees that Franchisor's written consent is reasonable and necessary to assure full performance of the obligations hereunder with respect to an assignment of the Franchised Business.

C Franchisor will not unreasonably withhold its consent to any transfer or assignment, provided that all of the following conditions are met:

(1) The proposed assignee (and its partners and shareholders if the proposed assignment is not an individual) has a good credit rating and competent business qualifications reasonably acceptable to Franchisor, and Franchisee provides Franchisor with such information as Franchisor may reasonably require to make such a determination,

(2) The proposed assignee or its designated general manager, which has been approved by the Franchisor, completes Franchisor's training program then in effect for new franchisees,

(3) The proposed assignee (and its partners and shareholders if the proposed assignee is not an individual) executes a franchise agreement and other standard ancillary agreements with Franchisor on the then current standard forms used by Franchisor and a written assignment with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement,

(4) The assignee agrees that the term of any agreements required to be executed by Franchisee or the assignee will be the unexpired term of this Agreement with renewal privileges as provided in this Agreement,

(5) Franchisee satisfies all accrued money obligations of Franchisee to Franchisor or its affiliates and assignees,

(6) Franchisee is not in default under the terms of this Agreement, and

(7) Franchisee or assignee pays Franchisor a transfer fee of Five Thousand Dollars (\$5,000 00)

D In the event of the death of any shareholder owning (directly and/or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, such individual's heirs, beneficiaries, devisees, or legal representatives, together with all surviving shareholders (herein collectively called the "Survivors") shall, within ninety (90) days of the death

(1) Apply to Franchisor for the right to continue to operate the Franchised Business for the duration of the term of this Agreement Franchisor shall grant such application if the Survivors comply with all of the following conditions

(a) The Survivors have a good credit rating and competent business qualifications and financial qualifications reasonably acceptable to Franchisor, and the Survivors provide Franchisor with such information as Franchisor may reasonably require to make such a determination,

(b) The Survivor's designated general manager, which has been approved by Franchisor, has completed an approved training program conducted by Franchisor or completes Franchisor's training program then in effect for new Franchisees, if the Survivors create a new corporation or entity to assume the franchise, the Survivors execute a franchise agreement, substantially identical to this Agreement, and a written assignment with Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement,

(c) The Survivors satisfy all money obligations of Franchisee to Franchisor, its affiliates or assignees, and

(d) Franchisee is not in default under the terms of this Agreement, or

(2) Sell, assign, transfer or convey the individual's interest in compliance with Section XIV C of this Agreement If Franchisor denies the Survivors' timely application for the right to continue to operate the Franchise, the Survivors shall have one hundred eighty (180) days from the date of such denial in which to sell, assign, transfer or convey the individual's interest in compliance with Section XIV C of this Agreement

E Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee

XV - INDEMNIFICATION

A Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns and the officers, directors,

shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnities"), from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal) or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following

(1) The violation, breach or asserted violation or breach by Franchisee of any federal, state or local law, regulation, ruling, standard or directive or any industry standard,

(2) The violation or breach by Franchisee or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them, and

(3) Acts, errors, or omissions of Franchisee, any of Franchisee's affiliates, any of the Principals and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors servants and employees of any of them in connection with the establishment and operation of Noble Roman's Craft Pizza & Pub, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, Franchisee's responsibility

B Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. Franchisee further agrees that if Franchisor is made a party to any such action or lawsuit, then, at Franchisor's option, Franchisor may tender the defense and/or prosecution of the case to Franchisee who shall be responsible for diligently pursuing the case or action at Franchisee's expense, or may hire counsel directly to protect its respective interest and bill Franchisee for all costs and reasonable attorney's fees incurred in connection therewith, in which case Franchisee shall reimburse Franchisor for all such costs and expenses incurred

C The Indemnities do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Principals, Franchisee's affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its affiliates may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnities for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, any of the Principals, Franchisee's affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its affiliates and any such other third parties without limitation

D Franchisee expressly agrees that the terms of this Section XV shall survive the termination, expiration or transfer of this Agreement or any interest herein

E Nothing in this section shall require the Franchisee to indemnify Franchisor for liability caused by the Franchisee's proper reliance on or use of procedures or manuals provided by the Franchisor or caused by the Franchisor's negligence

SECTION XVI - RELATIONSHIP OF THE PARTIES

A The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, joint employer or servant of the other for any purpose

B During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Franchised Business operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Noble Roman's Craft Pizza & Pub premises established for the purposes hereunder, the content and form of which Franchisor reserves the right to specify in writing

C Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any claim or judgment arising therefrom

D Franchisor shall not have liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor, in connection with sales made, services performed or business conducted by Franchisee

SECTION XVII - TERMINATION

A (1) Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee, that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System, and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable

(2) Except as otherwise provided by law, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors, or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due, or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state, or if

a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), or if Franchisee is dissolved, or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against the Noble Roman's Craft Pizza & Pub premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of Franchisee's Noble Roman's Craft Pizza & Pub shall be sold after levy thereupon by any sheriff, marshal or constable

(3) Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default beyond the opportunity specified in this Section XVII A(3), effective immediately upon notice to Franchisee, upon the occurrence of any of the following events

(a) If Franchisee operates the Noble Roman's Craft Pizza & Pub and sells any products or services authorized by Franchisor for sale at Noble Roman's Craft Pizza & Pub at a location which has not been approved by Franchisor,

(b) If Franchisee fails to construct or remodel Noble Roman's Craft Pizza & Pub within the parameters provided to Franchisee pursuant to Section II hereunder,

(c) If Franchisee fails to open the Franchised Business for business as a Noble Roman's within the period specified in Section II C hereof,

(d) If Franchisee after thirty (30) days' written notice from Franchisor fails to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales,

(e) If Franchisee after thirty (30) days' written notice from Franchisor fails to comply with all of the standards and specifications of Franchisor relating to operation of Noble Roman's Craft Pizza & Pub,

(f) If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where Noble Roman's Craft Pizza & Pub is located, provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or forces beyond Franchisee's control), if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation,

(g) If Franchisee or any of the Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein,

(h) If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent,

(i) If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay any moneys owing to Franchisor or any of its affiliates, when due under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor,

(j) If Franchisee or any of the Franchisee's shareholders fail to comply with the covenants in Section X C hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section X C(4) hereof within ten (10) days after being requested to do so by Franchisor,

(k) If, contrary to the terms of Section X B hereof, Franchisee or any of the Principals discloses or divulges any confidential information provided to Franchisee or the Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section X B hereof within ten (10) days after being requested, in writing, to do so by Franchisor,

(l) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor,

(m) If Franchisee breaches in any material respect any of the covenants set forth in Section VII or has falsely made any of the representations or warranties set forth in Section VII,

(n) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have five days to cure such default,

(o) If Franchisee, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor,

(p) If Franchisee offers any pizza and/or breadstick product for sale at the Location other than those items specifically approved by Franchisor, or

(q) If at any time the Franchised Business is not being managed by Franchisee or an approved General Manager

B Except as provided in Sections XVII A(2) and (3) of this Agreement, upon any default by Franchisee which is capable of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

C If Franchisor becomes insolvent or bankrupt and fails to perform in accordance with any material term or condition of this Agreement, and such default continues unremedied for thirty (30) days after Franchisee provides written notice of that default to Franchisor, then this Agreement may be terminated at the option of Franchisee, except as otherwise provided by law, upon notice by Franchisee effective upon receipt of such notice, without prejudice to any and all rights and remedies that Franchisee may have hereunder or provided by applicable law.

SECTION XVIII - POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and

A Franchisee shall immediately cease to operate Noble Roman's Craft Pizza & Pub under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor, nor make public statements or comments regarding any aspect of Noble Roman's Craft Pizza & Pub.

B Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System, the mark "Noble Roman's" the mark "Noble Roman's Craft Pizza & Pub," and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, paper goods, displays, stationery, trade dress, distinctive forms and any other articles which may or may not display the Marks but which are proprietary to Franchisor.

C Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any of Franchisor's products prepared from the confidential secret recipes of Franchisor, including but not limited to, pizza dough, sauce and breadsticks, and other secret recipe products now or hereafter designated in the manuals or other written directives or other materials which the Franchisor may issue to the Franchisee from time to time.

D Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Noble Roman's," "Noble Roman's Craft Pizza & Pub," "NR CP&P Carpe Pizza," or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of

compliance with this obligation within five (5) days after termination or expiration of this Agreement

E Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, distinctive forms and/or trade dress either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor

F Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee

G Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement, any action necessary by Franchisor to enforce the terms of or defend this Agreement, and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII

H Franchisee shall immediately deliver, at Franchisee's expense, to Franchisor all Manuals, records, files, instructions, correspondence, any computer software licensed by Franchisor, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of Noble Roman's Craft Pizza & Pub in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law

I Franchisee and its shareholders shall comply with the non-competition covenants and the restrictions on confidential information contained in Section X of this Agreement

J Franchisee shall also immediately furnish Franchisor an itemized list of all trade dress items, signs, advertising and sales promotion materials, displays, stationery, distinctive forms and any other articles bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located in Noble Roman's Craft Pizza & Pub or under Franchisee's control at any other location. Franchisee shall immediately return material covered by this paragraph to Franchisor at Franchisee's expense

K Title to any of the Noble Roman's Craft Pizza & Pub signage or other items which embodies Franchisor's Marks and trade dress shall transfer to Franchisor and Franchisee shall return such items to Franchisor at Franchisee's expense

L All obligations of Franchisor or Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect

subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire

SECTION XIX - MISCELLANEOUS

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

Notices to Franchisor	Noble Roman's, Inc One Virginia Avenue, Suite 800 Indianapolis, Indiana 46204 Attention Paul W Mobley, Executive Chairman Facsimile (317) 685-2294 E-Mail pmobley@nobleromans.com
Notices to Franchisee	 Attention _____ Phone _____ Facsimile _____ E-Mail _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, e-mail, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing

B This Agreement, the documents referred to herein, and the Attachments hereto, constitutes the entire, full and complete agreement between Franchisor and Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Principals No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

C No delay, waiver, omission or forbearance on the part of a party to exercise any right, option, duty or power arising out of any breach or default by the other party or the Principals under this Agreement shall constitute a waiver by the non-breaching party to enforce any such right, option, duty or power against the breaching party, or as to subsequent breach or default by the breaching party Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by

Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants or conditions of this Agreement

D Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing

E If a Force Majeure event shall occur, then, in addition to payments required under Section XVII, Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnities shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV Except as provided in Section XVII and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused

F FRANCHISEE AND THE PRINCIPALS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY INDIANA OR FEDERAL LAW WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER INDIANA LAW

G FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN INDIANAPOLIS, INDIANA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONEYS DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN INDIANAPOLIS, INDIANA FRANCHISOR AND FRANCHISEE AGREE THAT ANY DISPUTES ARISING OUT OF THIS AGREEMENT WILL BE SUBMITTED TO A COURT IN MARION COUNTY, INDIANA

H This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument

I The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference Such captions shall not be deemed to

govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect

J Any obligation of Franchisee or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein, shall be deemed to survive such termination, expiration or transfer

K Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties, the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement, and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation

L All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals

M All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates, and Franchisor or any of its affiliates The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient, and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section XVII of this Agreement shall not discharge or release Franchisee or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement

N The term "Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an individual, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee), if Franchisee is a partnership, the general partners of the Franchisee, or if Franchisee is a limited liability company, the manager or managers of the Franchisee, whom Franchisor designates as Franchisee's Principals The initial Franchisee's Principals shall be listed in Attachment C to this Agreement

O Each reference in this Agreement to a corporation, limited liability company or partnership shall be deemed to also refer to any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

P Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV), any rights or remedies under or as a result of this Agreement.

Q Notwithstanding any provisions described in the Franchise Disclosure Document or contained in this Agreement, nothing in this Agreement is intended to disclaim the representations made by the Franchisor in the Franchisor's Franchise Disclosure Document.

SECTION XX - ACKNOWLEDGMENTS

A Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee.

B Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written

FRANCHISOR

Noble Roman's, Inc ,
an Indiana Corporation

ATTEST

Witness

By _____
Name Paul W Mobley
Title Executive Chairman

FRANCHISEE

ATTEST

Witness

By _____
Name _____
Title _____

NOBLE ROMAN'S, INC
FRANCHISE AGREEMENT
(Noble Roman's Craft Pizza & Pub)

Franchisee _____
Date _____

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EXHIBIT C

**REGISTERED AGENT FOR
SERVICE OF PROCESS**

REGISTERED AGENT FOR SERVICE OF PROCESS

CALIFORNIA

California Corporations Commissioner
320 W 4th Street
Los Angeles, California 90013-2344

EXHIBIT D

STATE ADMINISTRATORS

STATE ADMINISTRATORS

Alabama Office of the Attorney General Alabama State House 11 S Union Street, 3 rd Floor Montgomery, Alabama 36130 (800) 392-5658	Arizona Arizona Corporation Commission Securities Division 1300 West Washington Street, 3 rd Floor Phoenix, Arizona 85007 (602) 542-4242
Arkansas Office of the Attorney General 200 Catlett-Prien Tower 323 Center Street Little Rock, Arkansas 72201 (501) 682-1323	California Commissioner of Business Oversight 320 West 4 th Street Los Angeles, California 90013-2344 (213) 576-7505 or (866) 275-2677
Colorado Colorado Attorney General 1525 Sherman, 5 th Floor Denver, Colorado 80203 (303) 866-4500	Connecticut Connecticut Commissioner of Banking State of Connecticut 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8100
Delaware Commissioner of Agriculture & Consumer Services Carvel State Office Building 820 N French Street Wilmington, Delaware 19801 (302) 577-8400	Florida Commissioner of Agriculture & Consumer Services The Capitol Tallahassee, Florida 32399-0800 (850) 488-3022
Georgia Governor's Office of Consumer Affairs 2 Martin Luther King Jr Drive, Suite 356 Atlanta, Georgia 30334 (404) 651-8600	Idaho Office of the Attorney General 700 W Jefferson Street Boise, Idaho 83720-0010 (208) 334-2400
Illinois Illinois Attorney General 520 South Second Street Springfield, Illinois 62706 (217) 782-2256 or (800) 628-7937 (within Illinois)	Indiana Indiana Securities Division 302 W Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681 or (800) 223-8791
Iowa Securities Bureau Lucas State Office Building, 2 nd Floor Des Moines, Iowa 50319 (515) 281-4441	Kansas Office of the Attorney General Judicial Center 301 S W 10 th Avenue Topeka, Kansas 66612 (785) 296-2215

Kentucky Division of Securities 477 Versailles Road Frankfort, Kentucky 40601 (502) 573-3390	Louisiana Louisiana Attorney General Consumer Protection Section State Capitol, 22 nd Floor Baton Rouge, Louisiana 70804-9005 (504) 342-7013
Maine State of Maine Securities Division 121 State House Station Augusta, Maine 04333-0212 (207) 582-8760	Maryland Office of the Attorney General, Division of Securities 200 St Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
Massachusetts Massachusetts Securities Division One Ashburton Place, 17 th Floor Boston, Massachusetts 02108 (617) 727-3548	Michigan Corporation and Securities Bureau 6546 Mercantile Way P O Box 30222 Lansing, Michigan 48909 (517) 334-6212
Minnesota Department of Commerce, Securities Division 133 E Seventh Street, 2 nd Floor St Paul, Minnesota 55101 (612) 296-2283	Mississippi Mississippi Attorney General P O Box 220 Jackson, Mississippi 38205-0220 (601) 359-4230
Missouri Securities Division Missouri State Information Center 600 W Main Jefferson City, Missouri 65101 (573) 751-4136 or (800) 721-7996	Montana Office of the Attorney General Justice Building 215 N Sanders Helena, Montana 59620 (406) 444-2026
Nebraska Department of Banking & Finance P O Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	Nevada Nevada Attorney General 100 N Carson Street Carson City, Nevada 89701-4717 (775) 687-4170
New Hampshire Office of the Attorney General 33 Capitol Street Concord, New Hampshire 03301-6397 (603) 271-3658	New Jersey Office of the Attorney General Hughes Justice Complex 25 Market Street, P O Box 080 Trenton, New Jersey 08625-0080 (609) 292-8740

New Mexico Office of the Attorney General P O Drawer 1508 Santa Fe, New Mexico 87504-1508 (505) 827-6060	New York Secretary of State 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8236
North Carolina Securities Division Department of the Secretary of State 300 N Salisbury Street Raleigh, North Carolina 27603-5909 (919) 733-3924 or (800) 688-4507	North Dakota North Dakota Securities Commission State Capitol Building, 5 th Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-2910 or (800) 297-5124
Ohio Ohio Securities Commission 77 S High Street, 22 nd Floor Columbus, Ohio 43266-0548 (614) 644-7381 or (800) 788-1194	Oklahoma Oklahoma Department of Securities First National Center 120 N Robinson, Suite 860 Oklahoma City, Oklahoma 73102 (405) 280-7700
Oregon Department of Insurance and Finance 120 Labor & Industries Building Salem, Oregon 97302 (503) 378-4387	Pennsylvania Pennsylvania Securities Commission 1010 N 7 th Street, 2 nd Floor Eastgate Office Building Harrisburgh, Pennsylvania 17102-1410 (717) 787-8061 or (800) 600-0007
Rhode Island Director of Business Regulation John O Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, RI 02920 (401) 222-2246	South Carolina Secretary of State Edgar Brown Building, Suite 525 Box 11350 Columbia, South Carolina 29211 (803) 734-2170
South Dakota Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Tennessee Tennessee Attorney General 425 5 th Avenue North Nashville, Tennessee 37243 (615) 741-3549
Texas State Securities Board 200 E 10 th Street, 5 th Floor P O Box 13167 Austin, Texas 78711-3167 (512) 305-8302	Utah Utah Department of Commerce Division of Consumer Protection 160 E 300 South, Box 146704 Salt Lake City, Utah 84114-6704 (801) 530-6601

Vermont Attorney General's Office 109 State Street Montpelier, Vermont 05609-1001 (802) 828-3171	Virginia State Corporation Commission Division of Securities & Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
Washington Director of Department of Financial Institutions Securities Division 150 Israel Road, S W Tumwater, Washington 98501	West Virginia Office of the Attorney General 1900 Kanawha Blvd , Room 26E Charleston, West Virginia 25305-9924 (304) 558-2021
Wisconsin Division of Securities P O Box 1768 Madison, Wisconsin 53702 (608) 261-9555 or (800) 472-4325	Wyoming Office of the Attorney General 123 Capitol Building Cheyenne, Wyoming 82002 (307) 777-7841
Alaska Attorney General Alaska Department of Law 1031 W Fourth Avenue, Suite 110 Anchorage, Alaska 99501	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813

EXHIBIT E

LIST OF CURRENT FRANCHISEES

Current Franchisees

None

EXHIBIT F

LIST OF FORMER FRANCHISEES

Former Franchisees

None

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 Noble Roman's, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Noble Roman's, Inc. 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 California Corporations Commissioner.

The following persons are authorized to sell franchises in the state of California:

Paul Mobley, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, (317) 634-3377
Troy Branson, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, (317) 634-3377
Michael Lingor, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, (317) 634-3377

The issuance date of this Disclosure Document is April 25, 2018.

Noble Roman's, Inc. authorizes the California Corporations Commissioner, 320 W. 4th Street, Los Angeles, California 90013-2344, to receive service of process for Noble Roman's, Inc.

I have received a Franchise Disclosure Document dated _____, 2018. This Disclosure Document included the following exhibits: (A) Franchise Agreement, (B) Financial Statements, (C) Registered Agent for Service of Process, (D) State Administrators, (E) List of Current Franchisees, and (F) List of Former Franchisees.

Date _____

Recipient _____

Signature

Name Printed _____

This copy of the receipt should be retained by you, the prospective franchisee.

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.

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Date _____

Recipient _____

Signature

Name Printed _____

This copy of the receipt should be signed and returned to Noble Roman's, Inc., One Virginia Avenue, Suite 300, Indianapolis, Indiana 46204, the prospective franchisor.



CALIFORNIA
FRANCHISE DISCLOSURE DOCUMENT
NOBLE ROMAN'S CRAFT PIZZA & PUB

Noble Roman's, Inc
an Indiana Corporation
One Virginia Avenue, Suite 300
Indianapolis, Indiana 46204
www.nobleromans.com
(317) 634 3377

The franchisee will operate a Noble Roman's Craft Pizza & Pub® ("CP&P") franchise. The franchise is typically offered for traditional locations such as outdoor strip malls.

The total investment necessary to begin operation of a CP&P franchise is ~~\$553,000~~ **496,000** to ~~\$736,000~~ **687,000**. This includes an initial franchise fee of \$30,000 ~~for the first unit \$25,000 for the second unit and \$20,000 for each additional unit thereafter~~ that must be paid to Noble Roman's and is non-refundable.

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

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. You can contact the FTC at 1-877-FTC-HELP, or by writing to FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date ~~December 14, 2017~~ **April 25, 2018**
Effective Date

CALIFORNIA COVER PAGE

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

Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state.

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

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

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/MEDIATION ONLY IN INDIANA. OUT-OF-STATE LITIGATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE/MEDIATE WITH US IN INDIANA THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT INDIANA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date

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EXHIBITS

A	Franchise Agreement – Noble Roman's Craft Pizza & Pub
B	Financial Statements
C	Registered Agent for Service of Process
D	State Administrators
E	List of Current Franchisees
F	List of Former Franchisees

ITEM 1 The Franchisor and any Parents, Predecessors and Affiliates

General Information

To simplify the language in this Disclosure Document, references to the 'Company' or 'We' means Noble Roman's, Inc., the franchisor. The term 'You' means the person who buys the franchise and the owners of the franchise if the franchisee is a corporation, partnership or other entity. This Franchise Disclosure Document relates only to the CP&P franchise (the 'Franchise'). The Company was incorporated September 21, 1972 and is an Indiana corporation with a principal place of business at One Virginia Avenue, Suite 300, Indianapolis, Indiana 46204. In addition to the Franchise, the Company sells and services franchises and licenses for non-traditional foodservice operations under the trade names 'Noble Roman's Pizza' and 'Noble Roman's Take-N-Bake'. The Company believes some of the attributes of the Franchise are:

- Modern yet nostalgic, family-friendly interior restaurant design
- Two styles of hand-craft, made from scratch pizzas: Traditional thinner and Deep-Dish Sicilian
- Over 40 different toppings, cheeses and sauces from which to choose including traditional toppings such as pepperoni and unusual toppings such as diced apples and candied walnuts
- Noble Roman's hand-rolled breadsticks with spicy cheese sauce
- A selection of contemporary, made-to order salads and fresh pasta. The menu also includes baked subs, hand-sauced wings and desserts
- 16 different beers on tap including both national and local craft selections. Wines include 16 quality, affordably-priced options in a range of varietals
- Fast cook times - 2-5 minutes for traditional pies and 5-7.5 minutes for Sicilian pies
- Glass enclosed dough room where Noble Roman's dough masters hand make all pizza and breadstick dough from scratch in customer view
- A "Dusting and Drizzle Station" where customers customize their baked pizzas with a variety of toppings and drizzles
- Kids and adults enjoy Noble Roman's self-serve root beer tap
- Throughout the dining room and bar are large and giant screen television monitors for sports and the nostalgic black and white shorts

Currently, the Company is operating one Noble Roman's Craft Pizza & Pub in addition to three non-traditional locations which contain a Noble Roman's Pizza.

Competition

The restaurant industry and the retail food industry in general are very competitive with respect to convenience, price, product quality and service. In addition, the Company competes for franchise and license sales on the basis of product engineering and quality, investment cost, cost of sales, distribution, atmosphere and speed of service. Actions by one or more of the Company's competitors could have an adverse effect on the Company's ability to sell additional franchises, maintain and renew existing franchises, or sell its products. Many of the Company's competitors are very large, internationally established companies.

Government Regulation

The Company and its franchisees are subject to various federal, state and local laws affecting the operation of our respective businesses. Each franchise location is subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building and other agencies and ordinances in the state or municipality in which the facility is located. The process of obtaining and maintaining required licenses or approvals can delay or prevent the opening of a franchise location. Vendors, such as our third party production and distribution services, are also licensed and subject to regulation by state and local health and fire codes, and U.S. Department of Transportation regulations. The Company, its franchisees and its vendors are also subject to federal and state environmental regulations.

The Company is subject to regulation by the Federal Trade Commission (the "FTC") and various state agencies under federal and state laws regulating the offer and sale of franchises. Several states also regulate aspects of the franchisor-franchisee relationship. The FTC requires us to furnish to prospective franchisees a disclosure document containing certain specified information. Some states also regulate the sale of franchises and require registration of a franchise disclosure document with state authorities. Substantive state laws that regulate the franchisor-franchisee relationship presently exist in a substantial number of states, and bills have been introduced in Congress from time to time that would provide for additional federal regulation of the franchisor-franchisee relationship in certain respects. State laws often limit, among other things, the duration and scope of non competition provisions and the ability of a franchisor to terminate or refuse to renew a franchise. Some foreign countries also have disclosure requirements and other laws regulating franchising and the franchisor-franchisee relationship, and the Company would be subject to applicable laws in each jurisdiction where it seeks to market additional franchised units.

ITEM 2 Business Experience

Executive Chairman of the Board and Chief Financial Officer - Paul W. Mobley was Chairman of the Board, Chief Executive Officer and Chief Financial Officer of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, from December 1991 until November 2014 when he became Executive Chairman and Chief Financial Officer. Mr. Mobley has been a Director and an Officer since 1974. Mr. Mobley has a B.S. in Business Administration from Indiana University and is a CPA. He is the father of A. Scott Mobley.

President, Chief Executive Officer, Secretary and a Director - A. Scott Mobley has been Chief Executive Officer of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since November 2014, a Director since January 1992 and Secretary since February 1993. Mr. Mobley has a B.S. in Business Administration magna cum laude from Georgetown University and an MBA from Indiana University. He is the son of Paul W. Mobley.

Director - Douglas H. Coape-Arnold has been a Director of the Company since 1999. Mr. Coape-Arnold has been Managing General Partner of Geovest Capital Partners, L.P., 450 Parkway N., New York, NY 10022 since January 1997. Mr. Coape-Arnold is a Chartered Financial Analyst.

Director - Marcel Herbst has been a Director of the Company since July 2016. Mr. Herbst is the founder and portfolio manager of Herbst Capital Management, LLC, 834 W. Roscoe St. #2, Chicago, IL 60657, from 2008 until current. Mr. Herbst has a Bachelor degree of Business Administration from Schiller International University in Heidelberg, Germany and a Master's degree of Management in Hospitality concentrating in food and beverage from Cornell University.

Executive Vice President of Franchising - Troy Branson has been Executive Vice President for the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since November 1997. Mr. Branson has a B.S. in Business from Indiana University.

Vice President of Franchise Services - James D. Bales has been Vice President of Franchise Services since of the Company, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, since 2015. Prior to 2015, Mr. Bales had been Vice President of Operations from March 2008 until 2015. Mr. Bales attended Northern Kentucky University for Graphic Design, Inver Hills Community College for Business Management and obtained his B.S. in Business from the University of Phoenix.

ITEM 3 Litigation

The Company, from time to time, is involved in various litigation relating to claims arising out of its normal business operations.

The Company is not involved in any litigation requiring disclosure.

ITEM 4 Bankruptcy

No bankruptcy information is required to be disclosed in this disclosure document

ITEM 5 Initial Fees

The initial franchise fee for a CP&P is \$30,000. With the sale of multiple CP&P franchises to a single franchisee, the franchise fee for the second unit is \$25,000 and the franchise fee for the third unit and any additional units is \$20,000 per unit.

The franchise fees are paid upon signing the Franchise Agreement and, when paid, shall be deemed fully earned and non-refundable in consideration of the administration and other expenses incurred by the Company in granting the franchises and for the lost and/or deferred opportunities to grant such franchises to any other party.

The marketing package is non-refundable and is paid either to the Company or to outside vendors for production of required marketing materials. Whether this amount is paid to the Company or an outside vendor depends on whether the franchisee elects to purchase the marketing materials directly from the Company or requests the materials from the Company in digital form, and then have a printer not affiliated with the Company print the physical materials.

ITEM 6 Other Fees

OTHER FEES

<u>Type of Fee (Note 1)</u>	<u>Amount</u>	<u>Due Date</u>
Royalty Fee (Note 2)	5% of gross sales	Payable weekly by Tuesday of the following week
Creative Fee (Note 2)	2% of gross sales	Payable weekly by Tuesday of the following week
Renewal Fee	\$3,000	Payable at the time a renewal franchise agreement is executed
Transfer Fee (Note 3)	\$5,000 (Note 4)	Prior to approval of transfer
Manual Replacement Fee	\$500	Prior to replacing any Manual
Audit Fee (Note 4)	Cost of audit plus up to 10% interest (Note 5)	Five days after demand

Note 1 All fees are imposed by and are payable to the Company. All fees are non-refundable.

Note 2 - Royalty Fee and Creative Fee The term "gross sales" means the total selling price of all products and services and all income of every other kind and nature related to the operation of the franchised unit, whether for cash or credit, except for (i) sales taxes collected directly from customers and (ii) any other tax, excise or duty, levied or assessed against the franchisee by any federal, state or local authority based on sales of specific merchandise sold at or from the franchised unit, provided that such taxes are actually transmitted to the appropriate authority. You must pay to the Company a weekly royalty fee and creative fee based on the gross sales of the franchised unit for the preceding week for all products and services (as defined in Section IV of the Franchise Agreement) payable by electronic withdrawal of such fees by draft on your bank account.

Note 3 - Transfer Fee Any transfer or assignment of your rights under the Franchise Agreement requires our prior written consent. In order for us to review and consider giving our consent, you must pay \$2,000

of the \$5,000 transfer fee, which is non-refundable if consent is withheld, to cover our actual time in processing the request and the \$3 000 balance of the fee must be paid prior to approval of the transfer

Note 4 Audit Fees We have the right, at our own expense, to audit your books and records. You must pay us the amount of all royalty fees due plus interest, determined from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five percentage points higher than the 'prime rate' then currently established by the largest bank headquartered in the state in which the location is situated, on any unreported gross sales, as determined by such audit or review. In addition, should the audit disclose a deficiency in reported gross sales in excess of 3% of the actual audited amount of gross sales, you shall reimburse us for the cost of the audit. Any amount or amounts payable by you under this disclosure document shall be remitted to the Company within five days after demand. Additionally, if gross sales are not reported by the due date, Franchisor may charge Franchisee a \$25 00 administrative fee for every day sales are unreported following the due date with no additional notice being required.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (Note 1)	\$20,000 to \$30,000	Lump Sum	Upon Signing Agreement	Noble Roman's, Inc
Equipment (Note 2)	\$165,000 to \$190,000 <u>180,000</u>	Lump Sum	As Contracted	Suppliers
Smallwares (Note 2)	\$16,000 to \$19,000 <u>15,000 to 17,000</u>	Lump Sum	As Contracted	Suppliers
Exterior Signage (Note 2)	\$10,000 to \$20,000	Lump Sum	As Contracted	Suppliers
Audio equipment (Note 2)	\$17,000 to \$25,000 <u>14,000 to 20,000</u>	Lump Sum	As Contracted	Suppliers
Furniture (Note 2)	\$28,000 to \$32,000 <u>20,000 to 30,000</u>	Lump Sum	As Contracted	Suppliers
Uniforms and Inventory (Note 2)	\$12,000 to \$15,000	Lump Sum	As Contracted	Suppliers
Leasehold Improvements (Note 2 and Note 6)	\$250,000 to \$350,000 <u>200,000 to 325,000</u>	Lump Sum	As Contracted	Suppliers
Initial Training Expense	\$15,000 to \$25,000 <u>10,000 to 20,000</u>	As Incurred	As Incurred	Employees and Suppliers
Additional Funds (Note 3)	\$20,000 to \$30,000	As Incurred	As Incurred	Employees and Suppliers
Total Initial Investment (Note 4, Note 5 and Note 6 <u>5</u>)	\$553,000 to \$736,000 <u>496,000 to \$687,000</u>			

Note 1 Initial franchise fee for the first unit is \$30,000 for the second unit is \$25,000 and each unit thereafter is \$20,000. The initial franchise fee is deemed fully earned and non-refundable when paid.

Note 2 These costs are payable to the suppliers of the goods or services on terms negotiated between you and such suppliers. Generally, they are due and payable as the obligations are incurred and are not refundable.

Note 3 This estimates your initial start up expense. These expenses include payroll costs, insurance and other miscellaneous expenses and are generally non-refundable. These amounts are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our methods and your management skill, experience and business acumen. The Company relied on its experience selling franchises plus experience in the restaurant business in determining this estimate.

Note 4 The Company relied on recent purchases from suppliers and its experience in the restaurant business to prepare these estimates. You should review these amounts carefully before making any decision to purchase the franchise.

Note 5 Real estate cost is not included. It is assumed leased strip mall space generally known as a white box. The Company does not offer, either directly or indirectly through any affiliated companies, financing to franchisees.

Note 6 This is an estimate for the gross amount of leasehold improvements from taking the location from a 'white box' to the specifications of a CP&P. A portion of the cost is often times paid for by the landlord in the form of "tenant improvement allowance." The amount of that allowance is determined in your negotiations for the property lease with the landlord which would reduce your cost.

ITEM 8 Restrictions on Sources of Products and Services

You are required to purchase from distributors and suppliers approved by us all food products, facades, paper goods, marketing materials, menu boards, point-of-sale system, Noble Roman's customized ovens and signs. The Company has negotiated arrangements with its distributors and suppliers under which you will be entitled to purchase products and services at the same pricing as the distributors or suppliers offer to the Company. Other than these negotiated arrangements, the Company does not maintain any purchasing or distribution cooperative. Product specifications and standards are issued only to suppliers which have been approved by the Company. From time to time product specifications are changed as a result of market testing of new products and/or in order to obtain better quality or pricing for the products. None of our officers own an interest in any of our distributors or suppliers. We expect that approximately 80% of a franchisee's purchases of products and services in establishing and operating a franchise will be purchases from our approved suppliers.

Other than the items specified in the foregoing paragraph, you (i) are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the franchised businesses from Company approved providers, and (ii) are permitted to purchase all other items needed in the businesses from any source which meets the Company's standard specifications described in the Operating Standards Manuals for quality, cleanliness, uniformity and delivery, and that has been approved by the Company.

For our services, such as layout and design, coordinating equipment orders and monitoring shipping and installation of equipment, the Company receives a commission on certain equipment, smallwares and signage from various suppliers as a result of your purchases. The amounts of these commissions vary from time to time based on quantities purchased by the franchisees. The Company may also receive from time to time allowances, credits or rebates from other suppliers based on purchases by you. These amounts are generally tied to specials or quantities purchased during given time periods. Neither the Company nor any of its affiliates are approved suppliers.

If you desire to purchase any items from a supplier who has not previously been approved, you must request in writing the Company's approval of such supplier. Additional suppliers will generally be approved as long as their products meet our specifications and equal or exceed the quality standards of the approved products. Such quality standards will be determined solely by the Company. The Company will notify you within 10 days whether the request has been approved or denied. No fee is charged by the Company to approve a supplier. The Company reserves the right not to give approval to an unreasonable number of suppliers for any particular item or service. The Company may revoke approval of any supplier upon

written notice to you in the event any supplier fails to continue to meet the Company's standards or specifications. Any purchase by you from an unauthorized supplier may result in the termination of your Franchise Agreement. Except as specified in the preceding paragraphs, neither the Company nor any affiliate receives any income derived from purchases made by you from approved independent suppliers. Criteria used to determine whether or not a supplier is approved, is not available to you. Approval for certain suppliers can be revoked at the sole discretion of the Company, however, if revoked, the Company will make necessary arrangements for an alternative supplier to have been approved by the Company prior to, or simultaneous with, the revoking of approved supplier.

ITEM 9 Franchisee's Obligations

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

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
a Site selection and acquisition/lease	Section II	Item 11
b Pre-opening purchases/leases	Sections II	Item 8
c Site development and other pre-opening requirements	Sections II and V	Items 5, 6, 7 and 11
d Initial and ongoing training	Sections V and VII	Item 11
e Opening	Sections II and V	Item 11
f Fees	Section IV	Items 5 and 6
g Compliance with standards and policies/Operating Manual	Sections V, VII and VIII	Items 8, 11, 13 and 16
h Trademark and proprietary information	Sections IX and X	Items 13 and 14
i Restrictions on products/services offered	Section VIII	Items 8 and 16
j Warranty and customer service requirements	Section VIII	Item 11
k Territorial development and sales quotas	None	None
l Ongoing product/service purchases	Section VIII	Item 8
m Maintenance, appearance and remodeling requirements	Sections II, III and VIII	Items 11 and 17
n Insurance		None
o Advertising	Section VIII	Item 11
p Indemnification	Sections IX, XIII, XIV and XV	Item 13
q Owner's participation/management/staffing	Section VII and VIII	Items 11 and 15
r Records and reports	Sections IV and XI	Item 6
s Inspections and audits	Sections II, VII, VIII and XI	Items 6 and 11
t Transfer	Section XIV	Items 6 and 17
u Renewal	Section III	Items 6 and 17
v Post termination obligations	Section XVIII	Item 17
w Non-competition covenants	Section X	Item 17
x Dispute resolution	Section XIX	Item 17

ITEM 10 Financing

The Company does not offer direct or indirect financing. The Company does not guarantee your note, lease or any other obligation.

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems and Training

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

(1) Franchisor's site selection guidelines and such site selection assistance as Franchisor may deem advisable.

(2) Such assistance to Franchisee in the layout and design of the CP&P as Franchisor may deem necessary. You are responsible for the cost of preparing architectural, engineering and construction drawings, which you must submit to us for our review and approval before you begin construction of your location. You are responsible for the cost of construction and/or remodeling.

(3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation, provided, however, that if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.

(4) The loan of one set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) of the Franchise Agreement. We will provide and list of approved vendors and specifications for equipment and other supplies for your restaurant. We will provide assistance in reviewing quotes, at Franchisor's discretion. You must purchase, install, maintain in efficient supply, and use only fixtures, furnishings, equipment signs and supplies that conform to the standards and specifications provided by the Franchisor.

(5) Upon the opening of the Franchised Business, Franchisor shall provide Franchisee with a training program which also includes an on-the job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a CP&P, furnished at such times and places as Franchisor reasonably deems necessary. You will be responsible for training your employees and independent contractors including any training on the day-to-day operations of the restaurant.

(6) During the operation of the Franchised Business such additional assistance as is reasonably necessary in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards.

The Company expects the Franchisee to use print advertising and other local marketing activities in the market area immediately around each location. The print advertising may be distributed by the Franchisee in a variety of ways including newspaper, direct mail, insert in a marriage mailer and hand distribution throughout the area. The Company is not required to spend any amount on advertising in the territory where a franchise is located. All materials to be used in the advertising may be created by our in-house advertising department and in-house graphic designers. Franchisees may create their own advertising so long as the use of our trademarks and the design of the advertisement is approved by the Company in its sole discretion. There is no advertising council composed of Franchisees that advises the Franchisor. The Company is not obligated to provide you with any advertising.

Non Obligatory Post-Opening Assistance or Services After the opening of the restaurant, the Company, although not required by the Franchise Agreement or any other agreements, may

- (1) Maintain quality control, including periodic inspections of the Noble Roman's franchise,
- (2) Continue research and development programs to develop new and improved menu items and the ingredients and components of menu items,
- (3) Police and protect the Company's trademarks from infringement, or
- (4) Offer advice and assistance to you in all phases of restaurant operations

The instructors in our training program will be officers, employees or agents of the Company and who have the necessary experience to conduct such training, as judged by the Company in its sole discretion. Our instructors have an average of 11 years of experience with the Company and 27 years' experience in the restaurant industry.

Other restaurant personnel designated by you, who have been approved by the Company for initial training, may also attend the Company's on-the-job training program. The Company shall provide instructors and training materials for the training at no additional charge to you. On-the-job training shall be conducted by the Company at your franchise location. You are required to have two people from the principal, owner, officer, general manager or assistant manager attend a nine day training program in Indianapolis, Indiana or such other place as designated by the Franchisor at your expense.

The training materials used in training include the Company's Standard Operating Procedures Manual, the Company's Marketing Manual, instructional materials for operation of ovens and use of the Company's pan seasoning and other handouts, including but not limited to, inventory ordering materials and cost worksheets, as provided by Franchisor.

Other than the expenses for instructors and training materials, you shall be responsible for any and all expenses incurred by you or any of your personnel in connection with any initial training program, including travel and hotel expenses for the Indianapolis training.

The Company shall determine, in its sole discretion, whether the franchisee and any of its personnel have satisfactorily completed the training program. If the training program is not satisfactorily completed by any such person, or if the Company in its reasonable business judgment, based upon the performance of such person(s), determines that the training program cannot be satisfactorily completed by such person(s), (i) you shall, at the Company's request, designate a replacement for such person(s) who shall attend and complete, to the Company's satisfaction the entire training program, or (ii) the Company may terminate the Franchise Agreement in accordance with Section XVII of the Franchise Agreement.

You and such other of your personnel, as the Company shall designate, shall attend such additional training programs and seminars as the Company may offer from time to time. For all such programs and seminars, the Company will provide the instructors and training materials, free of charge. You shall be responsible for any and all other expenses incurred by your personnel in connection with any additional training program, including without limitation costs of travel, lodging, meals and wages.

In connection with the opening of your franchised unit, the Company shall provide to you, free of charge, an opening trained representative(s) of the Company to provide on-site pre-opening and opening training, supervision and assistance to you. The time period for which such assistance will be provided shall be determined by the Company.

TRAINING PROGRAM

Principal, Supervisor (if Applicable), General Manager (if not self-operated),
Assistant Manager (nine days plus travel - includes one study day/break)

Subject	Classroom Hours	In Training Unit Hours	Location
Introduction and Noble Roman's standard operating procedures overview	4	0	Corporate Headquarters (Indianapolis, IN)
Overview of equipment, unit layout and business flow	0	1	Training Unit
Dough making	0	10	Training Unit
Pizza making and other food preparation	0	14	Training Unit
Order coordination, expediting and screening	0	6	Training Unit
Other job positions	0	3	Training Unit
Bar management and operation	0	3	Training Unit
Dining room operation and management	0	3	Training Unit
POS system functioning	0	4	Training Unit
Inventory, ordering, receiving and food cost labor	2	6	Training Unit
Scheduling, master scheduling, labor control	2	2	Training Unit
Administrative tasks	2	4	Training Unit
Marketing test and concluding review	4	0	Corporate Headquarters (Indianapolis, IN)
TOTAL HOURS	14	56	

ON-SITE TRAINING

Provided by Noble Roman's Field Personnel

(Approximately five days before opening and approximately nine days after opening - at Noble Roman's discretion)

Subject	On The-Job Hours	Location
Restaurant set-up	20	Your restaurant
Oven set-up	2	Your restaurant
Employee Training	25	Your restaurant
Friends and family and VIP party	8	Your restaurant
Post-opening general operations support	40	Your restaurant
Administrative training	5	Your restaurant
TOTAL HOURS	100	

ITEM 12 Territory

The Franchise Agreement, in the form attached to this Disclosure Document as Exhibit A, authorizes you to operate one CP&P franchise at one specific location that is pre-approved by the Company. You must receive the Company's permission to relocate. You are not restricted from accepting orders from outside of your territory if the orders are filled within the franchised business. The Franchise Agreement does not grant you any protected territorial rights or the right or license to operate the franchised business or to offer or to sell any products or services described in the Agreement at or from any site other than the location approved by the Company. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Company attempts to avoid establishing other franchised or company-owned outlets that may compete with your location but may not always be successful in doing so. The Company is not obligated to offer you additional franchised locations. The Company does not operate, franchise, or have any plans to operate or franchise any business under a different trademark that sells or will sell goods and services similar to those our franchisees offer.

ITEM 13 Trademarks

You are granted the right under the Franchise Agreement to operate a food service business under the trade name 'Noble Roman's Craft Pizza & Pub' and to use in the franchised business all of the Company's trademarks, service marks and trade names which are presently or subsequently listed in the Manuals, as modified or revised from time to time, but only in the manner provided for in the Franchise Agreement and Manuals, and only at such times as the respective trademarks, service marks and trade names are in the Manuals.

A list of all trademarks and service marks currently listed in the Manuals, all of which have been registered with the United States Patent and Trademark Office on the Principal Register, is detailed below together with the applicable registration numbers and dates of registration. The Company's trademark registrations are current and have been renewed as necessary. All required affidavits of use have been filed with respect to the registrations, and unless otherwise indicated, the registered marks have become incontestable.

Mark	Registration Number	Registration Date
"Noble Roman's"	987,069	June 25, 1974
"Taste A Better Pizza"	1,331,478	April 16, 1985
"The Better Pizza People"	1,920,428	September 19, 1995
"The Pizza Bomb"	1,965,018	April 2, 1996
"Tuscano's Italian Style Subs"	2,979,940	July 26, 2005
"Noble Roman's Bistro"	3,634,645	June 9, 2009
"SuperSlice"	3,717,603	December 1, 2009
"Noble Roman's"	1,362,714	September 24, 1985
"Noble Roman's Pizza Monster"	1,741,904	December 22, 1992
"Noble Roman's Craft Pizza & Pub"	87,235,008	Pending
"NR CP&P Carpe Pizza"	87-235,009	Pending

There are no currently effective material determinations of the patent and trademark office, trademark trial and appeal board, the trademark administrator of this state or any court involving the aforementioned trademarks, nor is there any pending infringement, opposition, cancellation or material litigation involving such trademarks.

There are no agreements currently in effect which significantly limit the rights of the Company to use or license the use of the franchised trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the franchise.

It is your responsibility to notify the Company in writing of any infringement of the franchised trademarks and to cooperate with the Company in stopping such infringements. The Company has the sole right to determine the need for any legal action with respect to any infringement which may occur and to control and direct any such action. The cost of any such litigation or the policing of the franchised trademarks to protect against infringement is the responsibility of the Company. The Company, however, is not obligated by the Franchise Agreement or otherwise to institute legal or other action to protect the franchised trademarks or to protect you against claims of infringement or unfair competition relating to the franchised trademarks. No legal action for infringement or unfair competition relating to the licensed trademarks may be defended by you without the consent of the Company and you shall not have the right to control and direct such defenses. The Company is not obligated by the Franchise Agreement or any other agreement to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the franchised trademarks or if the proceeding is resolved unfavorably to you.

The Company has no knowledge of any infringing uses which could materially affect your right to use the registered trademarks, service marks and logos currently in use and identified in the Manuals. You may be required to modify your use of the franchised trademarks by the Company or use one or more additional or substitute marks during your operation of a franchise at your expense and you have no right to continue using those marks upon termination of the Franchise Agreement.

ITEM 14 Patents, Copyrights and Proprietary Information

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in the Manuals. The Manuals are described in Item 11. Although the Company has not filed an application for a copyright registration for the Manuals, the Company claims a copyright and the information is proprietary. The Company also considers its recipes, including those for pizza dough, sauce and breadsticks, to be trade secrets, which you are given permission to use by the Franchise Agreement.

You are required to take steps to protect the confidentiality of proprietary information belonging to the Company. You must also promptly tell us when you learn about unauthorized use of this proprietary information. The Company is not required to take any action but will respond to this information as we think appropriate. You must also agree not to contest the Company's interest in these or our other proprietary information or trade secrets. If the Company decides to add, modify or discontinue the use of an item for which the Company claims a copyright, you must also do so.

ITEM 15 Obligation to Participate in the Actual Operation of the Franchise Businesses

Upon the execution of the Franchise Agreement, you shall designate a management structure of the CP&P franchise, which must be approved by Franchisor. Two people from the following principal, supervisor, owner, general manager or assistant manager must attend the training program in Indianapolis, Indiana, as determined by the Company and be approved by the Company. If you are an individual, you shall perform all of the obligations of the General Manager. If you are an entity, you may hire an individual, who is acceptable to the Company, to serve as General Manager. The General Manager shall devote best efforts to the supervision and conduct of the franchised business. The General Manager must supervise the franchised business on site. There are no requirements for the General Manager to have any equity interest in the franchised business. We impose no restrictions on the General Manager not previously covered except we may require the General Manager to sign a Confidentiality Agreement.

ITEM 16 Restrictions on What the Franchisee May Sell

You must sell, and may only sell, those products designated in the Manual from time to time as being included in the CP&P menu and meeting the quality standards detailed in the Manual. The Company may change the Manual from time to time in its sole discretion. Should you desire to sell any products not authorized in the Manual, you must first secure the Company's written approval which may be granted or withheld in the sole discretion of the Company. You are only authorized to operate the franchised unit at the facility location specified in the Franchise Agreement. The sale of beer and wine is a standard part of the CP&P menu. The Company has not set any minimum or maximum prices that franchisees may charge.

ITEM 17 Renewal, Termination, Transfer and Dispute Resolution

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a) Length of franchise term	Section III	Term is for 15 years
b) Renewal or extension of the term	Section III	Upon expiration, if you are in good standing, for a term of five years
c) Requirements for franchisee to renew or extend	Section III	Advance notice, renewal fee, remodel premises, execute new franchise agreement and release. The new franchise agreement may have materially different terms and conditions than the original agreement.
d) Termination by franchisee	Section XVII	If Franchisor becomes insolvent and fails to perform in accordance with any material term of this agreement and fails to remedy that default within thirty days after written notice, Franchisee may terminate the agreement.
e) Termination by the franchisor without "cause"	None	
f) Termination by the franchisor with "cause"	Section XVII (See Note 1)	The Company may terminate the Franchise Agreement on immediate notice to you and without giving you any opportunity to cure upon the occurrence of any event of default in Section XVII A (3).
g) "Cause" defined – curable	Section XVII	This definition of "cause" includes,

Provision	Section in Franchise Agreement	Summary
defaults		among other things, the failure to adhere to certain other provisions of the Franchise Agreement or the Manuals See Note 2
h) Cause" defined – Noncurable defaults	Section XVII	This definition of 'cause' includes, among other things, site not approved, failure to open restaurant timely sale of unapproved products, abandonment of premises, conviction of a felony, threat or danger to public health, unapproved transfer, failure to pay amounts due within five days after notice, violation of confidentiality and non-competition covenants, misuse of trademarks, failure to complete required training programs
i) Franchisee's obligations upon termination/non-renewal	Section XVII and XVIII	Upon termination or non-renewal, you must, among other things, cease operation of the restaurant, cease use of Noble Roman's products, cease use of the trademarks and proprietary information, pay all amounts due Company, return Manuals, provide Company with required information regarding supplies and operation of the restaurant
j) Assignment of contract by franchisor	Section XIV	No restriction on the right to assign by Company
k) 'Transfer' by franchisee - defined	Section XIV	Includes transfer of interest in Franchise Agreement, restaurant or franchise
l) Franchisor approval of transfer by franchisee	Section XIV	Company has the right to approve all transfers, but will not unreasonably withhold approval
m) Conditions for franchisor approval of transfer	Section XIV	All amounts due Company paid, including the franchise transfer fee of \$5,000, new franchisee approved, execution of a new Franchise Agreement and completes training program
n) Franchisor's right of first refusal to acquire franchisee's business	None	
o) Franchisor's option to	None	

Provision	Section in Franchise Agreement	Summary
purchase franchisee's business		
p) Death or disability of franchisee	Section XIV	Survivors must either apply within 90 days of death to continue operation which application is subject to Franchisor's approval or sell the franchise within 180 days in accordance with Section XIV
q) Noncompetition covenants during the term of the franchise	Section X	No involvement in competing business (retail eating establishment featuring pizza and/or breadsticks)
r) Noncompetition covenants after the franchise is terminated or expires	Section X	No involvement for a period of two years in competing business of Franchisee's franchise
s) Modification of the agreement	Section XIX	No modifications unless mutual written agreement but Manuals may be changed unilaterally and at any time by the Company
t) Integration/merger clause	Section XIX	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and the Franchise Agreement will not be enforceable
u) Dispute resolution by arbitration or mediation	N/A	N/A
v) Choice of forum	Section XIX	Must submit disputes to a court in Indianapolis, Indiana, except as described in Note 4
w) Choice of law	Section XIX	Indiana law applies, except as described in Note 4

Note 1 Automatic Termination The Franchise Agreement shall automatically terminate without any notice or action required by the Company upon the insolvency or bankruptcy of you, as detailed in Section XVII A(2) of the Franchise Agreement. This provision may not be enforceable under federal bankruptcy law.

Note 2 Termination by the Company on Thirty (30) Days' Notice The Company may terminate the Franchise Agreement upon your failure to commence to cure on thirty (30) day notice or fail to cure fully to the Company's satisfaction within thirty (30) days after such notice with respect to any event detailed in Section XVII B of the Franchise Agreement.

Note 3 Post-termination Obligations of the Franchisee You are obligated upon termination of the Franchise Agreement for any reason, including termination for cause or expiration of the Franchise

Agreement without renewal, to perform the duties detailed in Sections XVIII A through XVIII L of the Franchise Agreement

Note 4 Certain states have statutes which may supersede the Franchise Agreement in your relationship with the Franchisor, including with respect to termination and renewal of your franchise. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including with respect to termination and renewal of your franchise

ITEM 18 Public Figures

The Company does not use any public figure to promote its franchise

ITEM 19 Financial Performance Representations

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

As of ~~September 30, 2017~~ March 31, 2018, the Company had ~~one Craft Pizza & Pub location in existence which is~~ three CP&P locations open and a fourth location under development with plans to open in late May 2018, all of which are owned and operated by the Company. That location

Location #1, opened on January 31, 2017. From opening until September 30, 2017 (eight months of operation) the location had net sales of \$1,223,351. 2017, had total sales for the 11 months open in 2017 of \$1.75 million with cost of sales of 23.8% of sales, management, cost of salaries and employee wages of 29.5% of sales and net income after all operating costs of \$320,892 or 26.2% of sales. These wages of 30.8% and operating profit of 24.1%. During the first three months of 2018, this location had sales of \$450 thousand, cost of sales of 21.8%, cost of salaries and wages of 29.2% and operating profit of 25.9%.

Location #2, opened November 17, 2017, had total sales for the 1.5 months from open in 2017 of \$225 thousand with cost of sales of 24.5%, cost of salaries and wages of 30.7% and operating profit of 23.7%. During the first three months of 2018, this location had sales of \$394 thousand, cost of sales of 23.4%, cost of salaries and wages of 33.5% and operating profit of 17.5%.

Location #3, opened January 18, 2018, had total sales for the 2.5 months open prior to March 31, 2018 of \$373 thousand with cost of sales of 21.1%, cost of salaries and wages of 32.1% and operating profit of 22.5%.

The results above are not necessarily indicative of a full year nor are they necessarily indicative of the results you will obtain in your location. The Company opened its second Craft Pizza & Pub location on November 17, 2017.

ITEM 20 Outlets and Franchisee Information

The Company has ~~one~~ three CP&P restaurant as of ~~July 31, 2017~~ restaurants as of March 31, 2018 with a fourth location to open in late May 2018 and no CP&P restaurants in 2016, 2015 and 2014. For Franchised Store Summary for Fiscal Years Ended December 31, 2016, 2015 and 2014 of stores opened, closed or transferred, please refer to the following charts for CP&P locations. Currently, the Company is operating three non-traditional franchise locations containing a Noble Roman's Pizza and currently the Company is also offering franchises for Noble Roman's Pizza in non-traditional locations.

A list of the names of all franchisees and their addresses are attached as Exhibit E to this Disclosure Document.

CRAFT PIZZA & PUB OUTLET SUMMARY FOR FISCAL YEARS ENDED DECEMBER 31, 2016 / 2015 / 2014				
	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	0	0	0
	2015	0	0	0
	2014	0	0	0
Company-Owned	2016	0	0	0
	2015	0	0	0
	2014	0	0	0
Total Outlets	2016	0	0	0
	2015	0	0	0
	2014	0	0	0

CRAFT PIZZA & PUB TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (other than Franchisor)		
State	Year	Number of Transfers
Totals	2016	0
	2015	0
	2014	0

CRAFT PIZZA & PUB STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31, 2016 / 2015 / 2014								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
TOTALS	2016	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0

The name and last known address of the franchisees who voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year is attached as Exhibit F. If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system. In some instances, former franchisees sign provisions restricting their ability to speak openly about their experience with Craft Pizza & Pub.

CRAFT PIZZA & PUB STATUS OF COMPANY-OWNED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31, 2016 / 2015 / 2014							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
TOTAL	2016	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2014	0	0	0	0	0	0

PROJECTED OPENINGS OF CRAFT PIZZA & PUB OUTLETS AS OF DECEMBER 31, 2016			
State	Franchise Agreement Signed But Store Not Open	Projected Franchised New Stores in the Next Fiscal Year (2017)	Projected Company-Owned Openings in Next Fiscal Year
Indiana	0	2	2
TOTALS	0	2	2

ITEM 21 Financial Statements

Attached to this Disclosure Document as Exhibit "B" are audited consolidated balance sheets of Noble Roman s, Inc as of December 31, 2015~~2016~~ and 2016~~2017~~ and audited statements of operations, stockholders' equity and cash flows for each of the years ending December 31, 2014, 2015 and 2016. Also attached are the unaudited consolidated balance sheets as of December 31, 2016 and September 30, 2017 and unaudited consolidated statements of operations for the three month and nine month periods ended September 30, 2016 and 2017, unaudited consolidated statements of changes in stockholders' equity for the nine month period ended September 30, 2017, and the unaudited consolidated statements of cash flows for the nine months periods ended September 30, 2016 and 2017 2015, 2016 and 2017

ITEM 22 Contracts

A copy of the Franchise Agreement for a Noble Roman s franchise is attached as Exhibit "A" to this Disclosure Document

ITEM 23 Receipts

Attached, as the last pages of this Disclosure Document, are two Acknowledgment of Receipt forms. These receipts must be detached, completed and one copy must be returned by you to us upon delivery of the Disclosure Document. This Disclosure Document must be provided to you at least 14 days prior to the execution of the Franchise Agreement.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND
THE FRANCHISE AGREEMENT

Notwithstanding any provision described in the Offering Circular or contained in the Franchise Agreement

- 1 The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular
- 2 California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning terminations, transfers or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control
- 3 California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise
- 4 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.)
- 5 The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. The provision may not be enforceable under California law.
- 6 The Franchise Agreement requires application of the laws of the State of Indiana. This provision may not be enforceable under California law.
- 7 There are no liquidated damages provisions in the Franchise Agreement.
- 8 Neither the Franchisor or any of the persons listed in Item 2 of the UFOC 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 that association or exchange.
- 9 Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at www.corp.ca.gov
- 10 You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
- 11 You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as specifically provided herein, the terms of the Franchise Agreement, as described in the offering circular and contained in the Franchise Agreement, shall remain in full force and effect and are expressly ratified hereby.

Franchisee

Print Name of Franchisee

EXHIBIT A

**CRAFT PIZZA & PUB
FRANCHISE AGREEMENT**

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Noble Roman's®
NOBLE ROMAN'S, INC.
FRANCHISE AGREEMENT
(NOBLE ROMAN'S CRAFT PIZZA & PUB) **THE BETTER PIZZA PEOPLE**

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 2017, 2018, by and between Noble Roman's, Inc., an Indiana corporation ("Franchisor"), _____ and _____ ("Franchisee")

RECITALS

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system relating to the establishment and operation of Craft Pizza & Pub restaurants featuring pizza, breadsticks, other related food items, beer and wine (the "System")

The distinguishing characteristics of the System include, without limitation, a distinctive interior design, menu, system of operation and signage, special recipes and menu items, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time, and may (but need not) in the future include additional procedures, operations and specifications as may hereafter be designated by Franchisor in writing for use in the System

Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Noble Roman's Craft Pizza & Pub," the mark "NR CP&P Carpe Pizza," the mark "Noble Roman's Pizza" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now, and may hereafter be, designated by Franchisor in writing, for use in connection with the System (collectively, the "Marks")

Franchisor continues to develop, use and control the use of the Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service

Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the franchise granted hereunder in conformity with standards and specifications of the Franchisor

Franchisee desires to use the System in connection with the operation of a Noble Roman's Craft Pizza & Pub in its facility (the "Facility") at the location specified, _____

_____ (the "Location"), and to receive the other assistance provided by Franchisor in connection therewith

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows

SECTION I - GRANT

A Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, subject to the terms and conditions of this Agreement the right, license and privilege to use the Marks and the System in the operation of a Noble Roman's Craft Pizza & Pub for a period of fifteen (15) years from the date of opening a Noble Roman's Craft Pizza & Pub at the Location (the "Franchised Business") Other than the rights expressly granted herein, nothing contained in this Agreement shall be construed to vest in the Franchisee any right, title or interest in, under or to the Marks and the System, or the goodwill now or hereafter associated therewith

B The specific street address of the Location is described on Page 2 of this Agreement Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor

This Agreement does not grant to Franchisee any protected territorial rights or the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any site other than the Location Delivery of products may be approved, at the discretion of Franchisor, for products prepared at the Location, within a specified delivery area around the Location

C If Franchisee is unable to continue the operation of the Franchised Business at the Location because of the occurrence of a force majeure event described in Section XVII A (3)(f), then Franchisee may request Franchisor's approval to relocate the Franchised Business to another location, which approval shall not be unreasonably withheld Any subsequent request to relocate the Franchised Business shall also be subject to the same procedures If Franchisor elects to grant Franchisee the right to relocate the Franchised Business, then Franchisee shall comply with the site selection and construction procedures set forth in Section II

SECTION II - PLANS AND CONSTRUCTION

A Franchisee assumes all cost, liability, expense and responsibility for locating, selecting, obtaining and developing a site for the Franchised Business and for constructing and equipping the Franchised Business at such site

B Franchisee shall, at its sole cost and expense, purchase and cause to be installed, as specified by the Franchisor, (i) approved exterior signage, (ii) approved point-of-sale system, (iii) approved ovens and other kitchen equipment and (iv) interior decor, and dining room equipment and anything affecting the appearance

C Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Noble Roman's Craft Pizza & Pub and commence business within ___ days after the execution of this Agreement, unless Franchisee obtains an extension of such time period from Franchisor in writing. Franchisor will not unreasonably withhold approval of one or more thirty (30) day extensions in the event of delay(s) due to circumstances beyond Franchisee's control. Prior to opening, Franchisee shall complete all of the requirements specified in Section II B and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Section VII, to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Noble Roman's Craft Pizza & Pub and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

SECTION III - TERM AND RENEWAL

A Unless sooner terminated as provided in Section XVII hereof, the term of this Agreement shall commence on the date of execution stated on the first page of this Agreement and continue in full force and effect until the expiration of fifteen (15) years from the "Opening Date" defined as the first day the Franchisee opens the franchise for business.

B Upon expiration of the initial fifteen (15) year term of this Agreement, or any renewal thereof, Franchisee may, with the consent of the Franchisor, renew the franchise granted hereunder for an additional term of five (5) years, provided that any such renewal shall automatically terminate upon the expiration or termination of Franchisee's right to operate the Franchised Business at the Location and be subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of each renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's desire to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term or any renewal term.

(2) Franchisee shall repair or replace, at Franchisee's cost and expense, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, point of sale marketing materials, menu panels, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business and shall otherwise modernize the Restaurant premises, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Confidential Noble Roman's Craft Pizza & Pub Procedure Manual (the "Confidential Manual") or otherwise provided in writing by Franchisor,

(3) At the point of renewal, Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee shall have substantially complied with all the material terms and conditions of such agreements during the terms thereof,

(4) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates,

(5) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Location or obtain Franchisor's approval of a new site for the operation of the Franchised Business for the duration of the renewal term of this Agreement,

(6) Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, creative fee, advertising contribution or expenditure requirement,

(7) Franchisee shall comply with Franchisor's then-current qualification and training requirements, and

(8) Franchisee shall pay to Franchisor a renewal fee in the amount of Three Thousand Dollars (\$3,000) at the time the renewal franchise agreement is executed

SECTION IV - FEES

A Franchisee shall pay to Franchisor a franchise fee in the amount of _____ Dollars (\$_____) payable at the time the Franchise Agreement for such franchise is executed

The initial franchise fee when so paid shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party

B During the term of this Agreement, Franchisee shall pay to Franchisor in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") in the amount of five percent (5%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub (as defined in Section IV C hereunder) and a creative advertising fee ("Creative Fee") in the amount of two percent (2%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub, as defined above. Franchisee shall also pay to Franchisor a continuing weekly advertising fee ("Advertising Fee") in the amount of three percent (3%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub as defined herein, for all markets which, in the sole discretion of the Franchisor, have enough penetration to make joint advertising economically feasible

Such Royalty Fee, Creative Fee and Advertising Fee, if any, shall be due and payable each week based on the Gross Sales for the preceding week (for purposes of this Agreement a week shall commence at 12 01 a m on Monday and end at 11 59 p m on the following Sunday) and shall be paid electronically (draft on Franchisee's bank account by electronic withdrawal) so that it is received by Franchisor on or before Tuesday of each week from a direct draw account designated by Franchisee for purposes of payment of the Royalty Fee, Creative Fee and Advertising Fee

(1) At Franchisor's request, Franchisee shall promptly execute or re-execute within five (5) days after Franchisor's request, and deliver to Franchisor an appropriate agreement as required by Franchisee's bank to enable Franchisor to collect electronically (draft on Franchisee's account by electronic withdrawal), the Royalty Fee, Creative Fee and Advertising Fee payable under the terms of this Agreement. If the Franchisee changes its bank and/or bank account from which royalties are paid, Franchisee shall provide no less than ten (10) days' written notice to Franchisor prior to making such change

(2) Franchisee shall report its Gross Sales by facsimile transmission, e-mail, telephone, or by such other method as Franchisor may reasonably direct, by noon on Monday (Eastern Standard Time) ("Due Date") after the end of each week or at such other times as are established by Franchisor in its sole discretion. Franchisor will then deposit or transfer the reported amounts due into its own account, using the Franchisee's pre-authorized checks agreement. If any draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay the resulting bank fees imposed on Franchisor plus a \$25 administrative fee

Any Advertising Fee collected shall be placed in a separate bank account by the Franchisor and shall only be spent on advertising to benefit the Franchisee

(3) Any payment or report of Gross Sales not actually received by Franchisor on or before the Due Date shall be deemed overdue. Time is of the essence with respect to all reports of Gross Sales and payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five (5) percentage points per annum higher than the "prime rate" then currently established by the largest bank (determined by total bank assets) headquartered in the state in which the Location is situated. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If Gross Sales are not reported by the Due Date, Franchisor may charge Franchisee a \$25 administrative fee for every day sales are unreported following the due date with no additional notice being required

C For the purposes of determining the Royalty Fee, Creative Fee or Advertising Fee, if any, to be paid hereunder, the term "Gross Sales" shall mean the total selling price of all products and services and all income of every other kind and nature related to the Noble Roman's Craft Pizza & Pub, whether for cash or credit and regardless of collection in the case of credit, but expressly excluding sums representing sales taxes collected directly from customer, based upon present or future laws of federal, state or local governments, by Franchisee in the operation of the Noble Roman's Craft Pizza & Pub, and any other tax, excise or duty which is levied or

assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Noble Roman's Craft Pizza & Pub

All proceeds from the sale of coupons, gift certificates or vouchers are included within the definition of "Gross Sales", provided that the retail price thereof may be credited against Gross Sales during the week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee, Creative Fee or Advertising Fee, if any, is due

D Franchisee shall pay such other fees or amounts described in this Agreement

SECTION V - FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the services described below with regard to the Franchised Business

(1) Franchisor's site selection guidelines and such site selection assistance as Franchisor may deem advisable

(2) Such assistance to Franchisee in the layout and design of the Noble Roman's Craft Pizza & Pub as Franchisor may deem necessary

(3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation, provided, however, that if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages

(4) The loan of one (1) set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) hereof

(5) Prior to opening the Franchised Business, Franchisor shall provide the Franchisee a training program as designed or modified by time by Franchisor, and upon the opening of the Franchised Business, Franchisor shall provide Franchisee with an ongoing on-the-job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a Noble Roman's Craft Pizza & Pub, furnished at such times and places as Franchisor reasonably deems necessary

(6) During the operation of the Franchised Business, such additional assistance as is reasonably necessary, in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards

SECTION VI - FRANCHISOR'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

A Franchisor represents and warrants that Franchisor is a corporation duly organized and validly existing under the laws of the State of Indiana

B Franchisor represents and warrants that Franchisor has full right and power under its bylaws and articles of incorporation to grant Franchisee the franchise as contemplated herein and perform the same and that the execution of this Agreement by Franchisor does not infringe upon or constitute a default under any agreement or covenant to which Franchisor is a party or violate or conflict with any law or regulation by which Franchisor is bound

C Franchisor represents and warrants that Franchisor has all rights, title and interest to and in the Marks and has the power and authority to grant to the Franchisee the right to use the Marks as set forth herein

D Franchisor represents, acknowledges, agrees, covenants and warrants that Franchisor will take or cause to be taken at its cost all steps necessary to

(1) Maintain the confidentiality of its secret recipes, secret recipe products and other licensed trade secrets in accordance with all relevant laws,

(2) Prepare, execute and file all documents, notices, applications, registrations and timely renewals thereof or other documents required or necessary for the protection of the Marks, and

(3) Defend the Marks

E Franchisor represents and warrants that no filing, registration, approval or consent heretofore not obtained from any governmental agency or instrumentality or any stock exchange authority is required for the authorization, execution, delivery or performance by Franchisor of this Agreement

Franchisor acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VI A-E are continuing obligations of Franchisor and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. The franchisor will make reasonable efforts to cooperate with Franchisee in any efforts made by Franchisee to verify compliance with such representations, warranties and covenants

SECTION VII - FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

A Franchisee shall covenant and agree to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales

B If Franchisee is a corporation, limited liability company or partnership, Franchisee represents, warrants and covenants that

(1) Franchisee is duly organized and validly existing under the state law of its formation,

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification,

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or limited liability company, permitted under Franchisee's written partnership agreement or operating agreement and have been duly authorized by Franchisee,

(4) Franchisee's Principals (as defined in Section XIX N) shall each execute and bind themselves to the confidentiality covenants set forth in the Confidentiality Agreement which forms Attachment A to this Agreement (see Sections X B and X C(4))

(5) Franchisee shall furnish to Franchisor a certificate of insurance, from an insurance company satisfactory to Franchisor, naming Franchisor as an additional insured with such limits as may reasonably be required by Franchisor. Franchisee shall furnish said certificate of insurance within fifteen days after signing this Agreement

Franchisee acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VII B(1) through (5) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants

C Management of the Noble Roman's Craft Pizza & Pub

(1) The Noble Roman's Craft Pizza & Pub shall at all times be under the direct, day-to-day, full-time supervision of Franchisee or a manager (the "General Manager") who shall have been approved by the Franchisor. If the General Manager supervises the Franchised Business, the Franchisee shall remain active in overseeing the operations of the Franchised Business conducted under the supervision of the General Manager. As one requirement of receiving approval of Franchisor, at least two of the following people, principal, owner, supervisor, general manager or assistant manager, must successfully complete Franchisor's then current nine-day training program in Indianapolis, Indiana or another location as determined by Franchisor

(2) Franchisee shall at all times faithfully, honestly and diligently perform all obligations hereunder and continuously exert best efforts to promote and enhance the business of the Noble Roman's Craft Pizza & Pub

D Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders

E Franchisee shall comply with all other requirements and perform such other obligations as provided hereunder

SECTION VIII - FRANCHISED BUSINESS OPERATIONS

A Franchisee understands and agrees to the importance of maintaining uniformity among all of the units of Noble Roman's Craft Pizza & Pub and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Noble Roman's Craft Pizza & Pub Franchisee shall diligently adhere to all standards and specifications relating to the operation and appearance of the Noble Roman's Craft Pizza & Pub

B Franchisee shall maintain Noble Roman's Craft Pizza & Pub in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repair, repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, computer hardware and software), and decor as Franchisor may reasonably direct and shall obtain, at Franchisee's cost and expense, any new or additional equipment (including computer hardware and software), fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Noble Roman's Craft Pizza & Pub or its premises without the prior written approval of Franchisor

C To assure the continued success of the Noble Roman's Craft Pizza & Pub, Franchisee shall, upon the request of Franchisor, make other improvements to modernize the Noble Roman's Craft Pizza & Pub premises, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, to Franchisor's then-current standards and specifications Notwithstanding the above, Franchisee agrees that if so requested by Franchisor it will make such capital improvements or modifications described in this Section VIII C at any time within six (6) months after receipt of written notice from Franchisor, or, if such capital improvements or modifications contemplated in this Section VIII C are in excess of Twenty-Five Thousand Dollars (\$25,000), at such other time that a majority of the other Noble Roman's Craft Pizza & Pub units have made or are utilizing best efforts to make such improvements or modifications

D Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other products used or offered for sale at Noble Roman's Craft Pizza & Pub Except as provided in this Section VIII D, Franchisee shall obtain such items from suppliers (including manufacturers, distributors, warehouses and other sources) who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier and who have not thereafter been disapproved by Franchisor If Franchisee desires to purchase,

lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisee's failure to comply with the provisions of this Section VIII D shall be deemed a material event of default under this Agreement.

E To ensure that the highest degree of quality and service is maintained, Franchisee shall operate Noble Roman's Craft Pizza & Pub in strict conformity with such methods, standards and specifications of Franchisor as are set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, Franchisee also agrees

(1) To sell or offer for sale all menu items, products and services required by Franchisor and in the manner and style prescribed by Franchisor with respect to Noble Roman's Craft Pizza & Pub, as expressly authorized by Franchisor in writing.

(2) To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor, to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent, and to discontinue selling and offering for sale any menu items, products or services which Franchisor shall, in its sole discretion, disapprove in writing at any time.

(3) To maintain an adequate inventory of all perishable items, non-perishable items and frozen products used in the operation of the Franchised Business, and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that are in strict conformity to Franchisor's standards and specifications, to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients, and to refrain from deviating from Franchisor's standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without Franchisor's prior written consent.

(4) To strictly conform to the service standards and mode of service prescribed by Franchisor, including, but not limited to, speed of service, service procedures, maintenance of ready to serve products and order taking and production methods, as may be modified by Franchisor in writing from time to time.

(5) To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory, or from the Noble Roman's Craft Pizza & Pub, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. All such sampling shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(6) To grant Franchisor and its agents the right to enter upon Noble Roman's Craft Pizza & Pub premises at any reasonable time for the purpose of conducting inspections, to

cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, to permit representatives to view and print and/or copy POS or other reports, invoices, receipts and other materials as they relate to the Noble Roman's Craft Pizza & Pub, and to permit representatives of Franchisor to take photographs, movies or videotapes of Noble Roman's Craft Pizza & Pub and to interview employees and customers of Noble Roman's Craft Pizza & Pub, provided, however, that such activities by Franchisor shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. The Franchisor shall have the exclusive right to use any photograph, movie, videotape, or other material prepared in connection with an inspection of the Noble Roman's Craft Pizza & Pub, and shall have no obligation to obtain Franchisee's permission, or to compensate Franchisee in any manner, in connection with the use of such materials for advertising, training or other purposes. Upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

(7) To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations

(8) To maintain hours of operation as prescribed from time to time by Franchisor, with any deviation therefrom, including seasonal operation, permitted only with the prior written consent of Franchisor

F Franchisee acknowledges and agrees that Franchisor and its affiliates have developed and may develop for use in the System certain products which are prepared from highly confidential secret recipes and which are trade secrets of Franchisor, including, without limitation, pizza dough, sauce and breadsticks, as well as any other secret recipe products now or hereafter designated in the Manuals. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that Franchisee shall use only Franchisor's designated products and shall purchase solely from Franchisor or Franchisor's suppliers all of Franchisee's requirements for such products. Franchisee's use of such products is limited to this Location only.

G Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor. All such advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business) shall be submitted to Franchisor for approval prior to production or use of such items.

H Franchisee shall process and handle all consumer complaints connected with or relating to the Franchised Business, and shall promptly notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) safety or health violations, (iii) claims exceeding \$1,000, and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any inspection reports affecting the Noble Roman's Craft Pizza & Pub or equipment located in the Franchised

Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof

I Franchisee acknowledges and agrees that Franchisee may not offer or advertise home delivery service without the express written approval of Franchisor in Franchisor's sole discretion. If Franchisor approves Franchisee's offering home delivery, Franchisee acknowledges and agrees that Franchisor shall have the right to limit or restrict the area to which Franchisee may offer or advertise home delivery and Franchisee shall strictly adhere to Franchisor's policies and procedures concerning home delivery including, but not limited to, insurance requirements.

SECTION IX - MARKS

A Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications, however, any use of the marks shall be submitted to Franchisor for approval prior to production or use of such items.

B Franchisee expressly understands and acknowledges that

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Noble Roman's Craft Pizza & Pub and only at or from the Location or in approved advertising related to the Noble Roman's Craft Pizza & Pub.

(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisee shall not contest the validity of the interest of Franchisor or any of its affiliates in the Marks or assist others to contest the validity of the interest of Franchisor or any of its affiliates in the Marks.

(5) Franchisee acknowledges that any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such right, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

(6) Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

C With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that

(1) Unless otherwise authorized or required by Franchisor, Franchisee shall (i) use the Marks only in connection with the operation of the Noble Roman's Craft Pizza & Pub and only with the express written consent of Franchisor, and (ii) operate and advertise the Franchised Business only under the name "Noble Roman's Craft Pizza & Pub" without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name.

(2) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Noble Roman's Craft Pizza & Pub in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

(3) Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(4) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and, except as otherwise required by law, Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or proceeding in the Patent and Trademark Office or any other forum arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or proceeding in the Patent and Trademark Office or any other forum, or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement

amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement

E Franchisee acknowledges and agrees that certain portions of Noble Roman's Craft Pizza & Pub decor and design constitute unique and protectable images to the consumer identified with Franchisor, which are a part of the goodwill associated with the System. Franchisee agrees the usage of such decor and design elements shall inure to the exclusive benefit of Franchisor. This Agreement does not grant any ownership or other interest in Noble Roman's Craft Pizza & Pub decor and design elements to Franchisee.

SECTION X - CONFIDENTIALITY AND NON-COMPETITION COVENANTS

A (1) To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

(2) Franchisee and Principals shall at all times treat the Manuals, any written directives of Franchisor, and any other manuals and materials, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section X. Franchisee and Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person.

(3) The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

(4) The Manuals, any written directives, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement but shall not impose any additional obligation on Franchisee beyond those imposed by this Agreement.

(5) Franchisor may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed standard.

(6) Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

(7) Franchisor will charge a replacement fee of Five Hundred Dollars (\$500) for any replacement Manuals.

B Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of Noble Roman's Craft Pizza & Pub under the terms of this Agreement. Franchisee and the Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon franchisee and each of the Principals.

Notwithstanding anything to the contrary contained in this Agreement, and provided that Franchisee has obtained Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Franchisee's disclosure and use of confidential information shall not apply to (a) information, process or techniques that are or become generally known in the fresh baked pizza industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee, or (b) disclosure of confidential information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose such information, provided that Franchisee shall have used its best efforts to obtain, and shall have afforded Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

Franchisee shall require and obtain execution of covenants similar to those set forth in Section X B from its General Manager, and any other personnel of Franchisee who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment A. All of Franchisee's Principals must also execute such covenants.

C Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Principals will receive valuable trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee and the Principals and Franchisee's managers and employees. Franchisee and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Noble Roman's Craft Pizza & Pub, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Franchisee and the Principals covenant that

(1) With respect to Franchisee, during the term of this Agreement except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System

(b) Own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which business is of a character and concept similar to the Noble Roman's Craft Pizza & Pub, including, but not limited to, a pizza business which offers as a menu item or in a mix of menu items, pizza and/or breadsticks

(2) For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's interest in this Agreement and continuing for two years thereafter, except as otherwise approved in writing by Franchisor, Franchisee shall not, for itself, or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System

(b) Employ or solicit for employment, any person who franchisee knows is at that time or was, within the preceding thirty (30) days, employed by Franchisor or by any other Franchisee or affiliate of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee

(c) Own, maintain, operate, engage in, be employed by or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to Noble Roman's Craft Pizza & Pub, including a restaurant business that offers as a menu item, or in a mix of menu items, pizza and/or breadsticks

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

(a) Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section X C, or any portion thereof, without their consent, effective immediately upon notice to Franchisee, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIX B hereof

(4) Franchisee shall require and obtain execution of covenants similar to those set forth in this Section X C from its shareholders. Such covenant shall be substantially in the form set forth in Attachment A

XI - BOOKS AND RECORDS

A Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, daily sales records, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, monthly sales tax records and returns, cash receipts and disbursements, journals and ledgers in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing

B In addition to the remittance reports required by Sections IV and VIII hereof, Franchisee shall comply with the following reporting obligations

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor Franchisee's quarterly balance sheet and statement of operations for the Franchised Business within thirty (30) days after the end of each calendar quarter prepared in accordance with generally accepted accounting principles

C Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy the books and records, including record of purchases, of Franchisee as Franchisor may require at the Noble Roman's Craft Pizza & Pub. If any audit or review determines that required royalty payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section IV B (3). If an inspection discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity

D Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee

SECTION XII

[This Section Has Been Reserved]

SECTION XIII - DEBTS AND TAXES

A Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Section XV, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not.

B Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes, except as otherwise required by law. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of moneys, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

C In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

D Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

E Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

SECTION XIV - TRANSFER OF INTEREST

A Franchisor and its affiliates shall have the right to transfer or assign this Agreement and all or any part of their rights, interests or obligations hereunder or in Franchisor to any person or legal entity. Nothing contained in this Agreement shall require Franchisor to offer any services or products, whether or not relating to the Marks, to Franchisee if Franchisor assigns all of its rights, privileges, duties and obligations under this Agreement.

B Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee. Accordingly, neither Franchisee nor any shareholder owning (directly or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business, or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

(1) Franchisee acknowledges and agrees that Franchisor's written consent is reasonable and necessary to assure full performance of the obligations hereunder with respect to an assignment of the Franchised Business.

C Franchisor will not unreasonably withhold its consent to any transfer or assignment, provided that all of the following conditions are met:

(1) The proposed assignee (and its partners and shareholders if the proposed assignment is not an individual) has a good credit rating and competent business qualifications reasonably acceptable to Franchisor, and Franchisee provides Franchisor with such information as Franchisor may reasonably require to make such a determination,

(2) The proposed assignee or its designated general manager, which has been approved by the Franchisor, completes Franchisor's training program then in effect for new franchisees,

(3) The proposed assignee (and its partners and shareholders if the proposed assignee is not an individual) executes a franchise agreement and other standard ancillary agreements with Franchisor on the then current standard forms used by Franchisor and a written assignment with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement,

(4) The assignee agrees that the term of any agreements required to be executed by Franchisee or the assignee will be the unexpired term of this Agreement with renewal privileges as provided in this Agreement,

(5) Franchisee satisfies all accrued money obligations of Franchisee to Franchisor or its affiliates and assignees,

(6) Franchisee is not in default under the terms of this Agreement, and

(7) Franchisee or assignee pays Franchisor a transfer fee of Five Thousand Dollars (\$5,000 00)

D In the event of the death of any shareholder owning (directly and/or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, such individual's heirs, beneficiaries, devisees, or legal representatives, together with all surviving shareholders (herein collectively called the "Survivors") shall, within ninety (90) days of the death

(1) Apply to Franchisor for the right to continue to operate the Franchised Business for the duration of the term of this Agreement Franchisor shall grant such application if the Survivors comply with all of the following conditions

(a) The Survivors have a good credit rating and competent business qualifications and financial qualifications reasonably acceptable to Franchisor, and the Survivors provide Franchisor with such information as Franchisor may reasonably require to make such a determination,

(b) The Survivor's designated general manager, which has been approved by Franchisor, has completed an approved training program conducted by Franchisor or completes Franchisor's training program then in effect for new Franchisees, if the Survivors create a new corporation or entity to assume the franchise, the Survivors execute a franchise agreement, substantially identical to this Agreement, and a written assignment with Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement,

(c) The Survivors satisfy all money obligations of Franchisee to Franchisor, its affiliates or assignees, and

(d) Franchisee is not in default under the terms of this Agreement, or

(2) Sell, assign, transfer or convey the individual's interest in compliance with Section XIV C of this Agreement If Franchisor denies the Survivors' timely application for the right to continue to operate the Franchise, the Survivors shall have one hundred eighty (180) days from the date of such denial in which to sell, assign, transfer or convey the individual's interest in compliance with Section XIV C of this Agreement

E Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee

XV - INDEMNIFICATION

A Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns and the officers, directors,

shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnities"), from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal) or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following

(1) The violation, breach or asserted violation or breach by Franchisee of any federal, state or local law, regulation, ruling, standard or directive or any industry standard,

(2) The violation or breach by Franchisee or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them, and

(3) Acts, errors, or omissions of Franchisee, any of Franchisee's affiliates, any of the Principals and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors servants and employees of any of them in connection with the establishment and operation of Noble Roman's Craft Pizza & Pub, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, Franchisee's responsibility

B Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. Franchisee further agrees that if Franchisor is made a party to any such action or lawsuit, then, at Franchisor's option, Franchisor may tender the defense and/or prosecution of the case to Franchisee who shall be responsible for diligently pursuing the case or action at Franchisee's expense, or may hire counsel directly to protect its respective interest and bill Franchisee for all costs and reasonable attorney's fees incurred in connection therewith, in which case Franchisee shall reimburse Franchisor for all such costs and expenses incurred

C The Indemnities do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Principals, Franchisee's affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its affiliates may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnities for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, any of the Principals, Franchisee's affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its affiliates and any such other third parties without limitation

D Franchisee expressly agrees that the terms of this Section XV shall survive the termination, expiration or transfer of this Agreement or any interest herein

E Nothing in this section shall require the Franchisee to indemnify Franchisor for liability caused by the Franchisee's proper reliance on or use of procedures or manuals provided by the Franchisor or caused by the Franchisor's negligence

SECTION XVI - RELATIONSHIP OF THE PARTIES

A The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, joint employer or servant of the other for any purpose

B During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Franchised Business operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Noble Roman's Craft Pizza & Pub premises established for the purposes hereunder, the content and form of which Franchisor reserves the right to specify in writing

C Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any claim or judgment arising therefrom

D Franchisor shall not have liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor, in connection with sales made, services performed or business conducted by Franchisee

SECTION XVII - TERMINATION

A (1) Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee, that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System, and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable

(2) Except as otherwise provided by law, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors, or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due, or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other

custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), or if Franchisee is dissolved, or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against the Noble Roman's Craft Pizza & Pub premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of Franchisee's Noble Roman's Craft Pizza & Pub shall be sold after levy thereupon by any sheriff, marshal or constable

(3) Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default beyond the opportunity specified in this Section XVII A(3), effective immediately upon notice to Franchisee, upon the occurrence of any of the following events

(a) If Franchisee operates the Noble Roman's Craft Pizza & Pub and sells any products or services authorized by Franchisor for sale at Noble Roman's Craft Pizza & Pub at a location which has not been approved by Franchisor,

(b) If Franchisee fails to construct or remodel Noble Roman's Craft Pizza & Pub within the parameters provided to Franchisee pursuant to Section II hereunder,

(c) If Franchisee fails to open the Franchised Business for business as a Noble Roman's within the period specified in Section II C hereof,

(d) If Franchisee after thirty (30) days' written notice from Franchisor fails to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales,

(e) If Franchisee after thirty (30) days' written notice from Franchisor fails to comply with all of the standards and specifications of Franchisor relating to operation of Noble Roman's Craft Pizza & Pub,

(f) If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where Noble Roman's Craft Pizza & Pub is located, provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or forces beyond Franchisee's control), if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation,

(g) If Franchisee or any of the Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or

offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein,

(h) If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent,

(i) If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay any moneys owing to Franchisor or any of its affiliates, when due under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor,

(j) If Franchisee or any of the Franchisee's shareholders fail to comply with the covenants in Section X C hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section X C(4) hereof within ten (10) days after being requested to do so by Franchisor,

(k) If, contrary to the terms of Section X B hereof, Franchisee or any of the Principals discloses or divulges any confidential information provided to Franchisee or the Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section X B hereof within ten (10) days after being requested, in writing, to do so by Franchisor,

(l) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor,

(m) If Franchisee breaches in any material respect any of the covenants set forth in Section VII or has falsely made any of the representations or warranties set forth in Section VII,

(n) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have five days to cure such default,

(o) If Franchisee, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor,

(p) If Franchisee offers any pizza and/or breadstick product for sale at the Location other than those items specifically approved by Franchisor, or

(q) If at any time the Franchised Business is not being managed by Franchisee or an approved General Manager

B Except as provided in Sections XVII A(2) and (3) of this Agreement, upon any default by Franchisee which is capable of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least

thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

C If Franchisor becomes insolvent or bankrupt and fails to perform in accordance with any material term or condition of this Agreement, and such default continues unremedied for thirty (30) days after Franchisee provides written notice of that default to Franchisor, then this Agreement may be terminated at the option of Franchisee, except as otherwise provided by law, upon notice by Franchisee effective upon receipt of such notice, without prejudice to any and all rights and remedies that Franchisee may have hereunder or provided by applicable law.

SECTION XVIII - POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and

A Franchisee shall immediately cease to operate Noble Roman's Craft Pizza & Pub under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor, nor make public statements or comments regarding any aspect of Noble Roman's Craft Pizza & Pub.

B Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System, the mark "Noble Roman's," the mark "Noble Roman's Craft Pizza & Pub," and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, paper goods, displays, stationery, trade dress, distinctive forms and any other articles which may or may not display the Marks but which are proprietary to Franchisor.

C Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any of Franchisor's products prepared from the confidential secret recipes of Franchisor, including but not limited to, pizza dough, sauce and breadsticks, and other secret recipe products now or hereafter designated in the manuals or other written directives or other materials which the Franchisor may issue to the Franchisee from time to time.

D Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Noble Roman's," "Noble Roman's Craft Pizza & Pub," "NR CP&P Carpe Pizza," or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

E Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, distinctive forms and/or trade dress either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor

F Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee

G Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement, any action necessary by Franchisor to enforce the terms of or defend this Agreement, and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII

H Franchisee shall immediately deliver, at Franchisee's expense, to Franchisor all Manuals, records, files, instructions, correspondence, any computer software licensed by Franchisor, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of Noble Roman's Craft Pizza & Pub in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law

I Franchisee and its shareholders shall comply with the non-competition covenants and the restrictions on confidential information contained in Section X of this Agreement

J Franchisee shall also immediately furnish Franchisor an itemized list of all trade dress items, signs, advertising and sales promotion materials, displays, stationery, distinctive forms and any other articles bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located in Noble Roman's Craft Pizza & Pub or under Franchisee's control at any other location. Franchisee shall immediately return material covered by this paragraph to Franchisor at Franchisee's expense

K Title to any of the Noble Roman's Craft Pizza & Pub signage or other items which embodies Franchisor's Marks and trade dress shall transfer to Franchisor and Franchisee shall return such items to Franchisor at Franchisee's expense

L All obligations of Franchisor or Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire

SECTION XIX - MISCELLANEOUS

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

Notices to Franchisor	Noble Roman's, Inc One Virginia Avenue, Suite 800 Indianapolis, Indiana 46204 Attention Paul W Mobley, Executive Chairman Facsimile (317) 685-2294 E-Mail pmobley@nobleromans.com
Notices to Franchisee	 Attention _____ Phone _____ Facsimile _____ E-Mail _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, e-mail, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing

B This Agreement, the documents referred to herein, and the Attachments hereto, constitutes the entire, full and complete agreement between Franchisor and Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Principals No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

C No delay, waiver, omission or forbearance on the part of a party to exercise any right, option, duty or power arising out of any breach or default by the other party or the Principals under this Agreement shall constitute a waiver by the non-breaching party to enforce any such right, option, duty or power against the breaching party, or as to subsequent breach or default by the breaching party Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants or conditions of this Agreement

D Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing

E If a Force Majeure event shall occur, then, in addition to payments required under Section XVII, Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnities shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV Except as provided in Section XVII and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused

F FRANCHISEE AND THE PRINCIPALS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY INDIANA OR FEDERAL LAW WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER INDIANA LAW

G FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN INDIANAPOLIS, INDIANA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONEYS DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN INDIANAPOLIS, INDIANA FRANCHISOR AND FRANCHISEE AGREE THAT ANY DISPUTES ARISING OUT OF THIS AGREEMENT WILL BE SUBMITTED TO A COURT IN MARION COUNTY, INDIANA

H This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument

I The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect

J Any obligation of Franchisee or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein, shall be deemed to survive such termination, expiration or transfer

K Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties, the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement, and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation

L All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals

M All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates, and Franchisor or any of its affiliates The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient, and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section XVII of this Agreement shall not discharge or release Franchisee or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement

N The term "Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an individual, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee), if Franchisee is a partnership, the general partners of the Franchisee, or if Franchisee is a limited liability company, the manager or managers of the Franchisee, whom Franchisor designates as Franchisee's Principals The initial Franchisee's Principals shall be listed in Attachment C to this Agreement

O Each reference in this Agreement to a corporation, limited liability company or partnership shall be deemed to also refer to any other entity or organization similar thereto Each reference to the organizational documents, equity owners, directors, and officers of a corporation

in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto

P Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV), any rights or remedies under or as a result of this Agreement

Q Notwithstanding any provisions described in the Franchise Disclosure Document or contained in this Agreement, nothing in this Agreement is intended to disclaim the representations made by the Franchisor in the Franchisor's Franchise Disclosure Document

SECTION XX - ACKNOWLEDGMENTS

A Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee

B Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written

FRANCHISOR

Noble Roman's, Inc ,
an Indiana Corporation

ATTEST

By _____
Name Paul W Mobley
Title Executive Chairman

Witness

FRANCHISEE

ATTEST

By _____
Name _____
Title _____

Witness

NOBLE ROMAN'S, INC
FRANCHISE AGREEMENT

(Noble Roman's Craft Pizza & Pub)

Franchisee _____
Date _____

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EXHIBIT B

FINANCIALS

Report of Independent Registered Public Accounting
Firm

To the Board of Directors
and Stockholders of NOBLE
ROMAN'S, INC.
Indianapolis, Indiana

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. (the "Company") and subsidiaries as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by

management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2007.

/s/ Somerset CPA's, P.C.

Indianapolis, Indiana March 29, 2018

PART I - FINANCIAL INFORMATION

ITEM 1 Financial Statements

The following audited condensed consolidated financial statements are included herein Report of Independent Registered Public Accounting Firm

Consolidated balance sheets for December 31, 20152016 and 20162017.

Consolidated statements of operations for the twelve month periods ended December 31, 2014,
20152015, 2016 and 20162017.

Consolidated statements of changes in stockholders' equity for the twelve-month periods ended December 31, 2014,
20152015, 2016 and 20162017.

Consolidated statements of cash flows for the twelve month periods ended December 31, 2014,
20152015, 2016 and 20162017.

Notes to consolidated financial statements

~~The following unaudited condensed consolidated financial statements are included herein~~

~~Unaudited consolidated balance sheets as of December 31, 2016 and as of September 30, 2017~~

~~Unaudited consolidated statements of operations for the three month and nine month periods ended September 30, 2016 and 2017~~

~~the~~ ~~Unaudited consolidated statements of changes in stockholders' equity for~~

~~the~~ ~~nine-month period ended September 30, 2017.~~

~~periods ended.~~ ~~Unaudited consolidated statements of cash flows for the nine-month~~

~~September 30, 2016 and 2017.~~

**Consolidated Balance
Sheets Noble Roman's, Inc
and Subsidiaries**

**Condensed Consolidated
Balance Sheets
(Unaudited)**

Assets	December 31, 2016	September 30, 2017
Current assets-		
—Cash	\$ 477,928	\$ 381,814
—Accounts receivable—net	1,828,534	2,376,922
—Inventories	754,418	726,883
—Prepaid expenses	568,386	810,575
—Deferred tax asset—current portion	925,000	
—Total current assets	<u>4,554,266</u>	<u>4,296,194</u>
Property and equipment-		
—Equipment	1,963,957	2,239,267
—Leasehold improvements	88,718	271,697
—Construction and equipment in progress	351,533	131,032
	<u>2,404,208</u>	<u>2,641,996</u>
—Less accumulated depreciation and amortization	1,194,888	1,323,934
—Net property and equipment	1,209,320	1,318,062
Deferred tax asset (net of current portion)	8,696,870	9,481,008
Goodwill	278,466	278,466
Other assets including long-term portion of receivables—net	5,159,937	5,717,465
—Total assets	<u>\$ 19,898,859</u>	<u>\$ 21,091,195</u>
Liabilities and Stockholders' Equity		
Current liabilities-		
—Current portion of term loan payable to bank	\$ 655,725	\$ 642,857
—Current portion of loan payable to Super G	1130,765	-
—Accounts payable and accrued expenses	339,125	422,251
—Total current liabilities	<u>2,125,615</u>	<u>1,065,108</u>
Long-term obligations-		
—Term loan payable to bank (net of current portion)	710,729	3,471,932
—Loan payable to Super G (net of current portion)	718,175	-
—Notes payable to officers	310,000	-
—Notes payable to Kingsway America	600,000	-
—Convertible notes payable	769,835	1,037,050
—Derivative warrant liability	210,404	685,154
—Derivative conversion liability	435,671	1,202,058
—Total long-term liabilities	<u>3,754,814</u>	<u>6,396,194</u>
Stockholders' equity-		
—Common stock—no par value (40,000,000 shares authorized, 20,783,032—issued and outstanding as of December 31, 2016 and September 30, 2017)	24,308,297	24,322,885
—Accumulated deficit	(10,289,867)	(10,692,992)
—Total stockholders' equity	<u>14,018,430</u>	<u>13,629,893</u>
—Total liabilities and stockholders' equity	<u>\$ 19,898,859</u>	<u>\$ 21,091,195</u>

See accompanying notes to condensed consolidated financial statements (unaudited)

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2017	2016	2017
Revenue				
— Royalties and fees	\$1,953,843	\$1,733,956	\$5,544,389	\$5,062,549
— Administrative fees and other	12,459	10,992	34,168	34,933
— Restaurant revenue— Craft Pizza & Pub	-	457,133	-	1,223,351
— Restaurant revenue— non-traditional	<u>55,691</u>	<u>310,840</u>	<u>162,737</u>	<u>871,192</u>
— Total revenue	2,021,993	2,512,921	5,741,294	7,192,025
Operating expenses				
— Salaries and wages	275,694	216,432	759,603	698,326
— Trade show expense	124,209	126,361	383,086	371,472
— Travel expense	57,010	37,589	152,684	146,017
— Other operating expenses	210,787	222,045	607,893	649,778
— Restaurant expenses— Craft Pizza & Pub	-	347,342	-	902,459
— Restaurant expenses— non-traditional	51,270	307,583	141,175	855,980
Depreciation and amortization	31,675	60,127	92,763	171,890
General and administrative	<u>413,487</u>	<u>434,532</u>	<u>1,205,961</u>	<u>1,246,620</u>
— Total expenses	1,166,133	1,757,011	3,343,164	5,042,542
— Operating income	855,860	760,910	2,398,130	2,149,483
Interest	153,882	601,192	291,822	1,220,945
Loss on restaurant discontinued	-	-	36,776	-
Adjust valuation of receivables	-	350,000	750,659	350,000
Change in fair value of derivatives	<u>-</u>	<u>929,810</u>	<u>-</u>	<u>632,537</u>
— Income (loss) before income taxes from continuing operations	701,978	(1,120,092)	1,318,873	(53,999)
Income tax expense (benefit)	268,208	(72,388)	503,907	220,089
— Net income (loss) from continuing operations	433,770	(1,047,704)	814,966	(274,088)
Loss from discontinued operations net of tax benefits of \$881,902 for 2016 and \$79,228 for 2017	<u>(1,426,289)</u>	<u>(129,037)</u>	<u>(1,426,289)</u>	<u>(129,037)</u>
— Net loss	<u>\$ (992,519)</u>	<u>\$ (1,176,711)</u>	<u>\$ (611,323)</u>	<u>\$ (403,125)</u>
Earnings per share—basic				
— Net income (loss) from continuing operations	\$.02	\$ (.05)	\$.04	\$ (.01)
— Net loss from discontinued operations net of tax benefit	(07)	(01)	(07)	(01)
— Net loss	(05)	(06)	(03)	(02)
Weighted average number of common shares—outstanding	20,783,032	20,783,032	20,781,501	20,783,032
Diluted earnings per share—				
— Net income (loss) from continuing operations	\$.02	\$ (.04)	\$.04	\$ (.01)
— Net loss from discontinued operations net of tax benefit	(07)	(01)	(07)	(01)
— Net loss	(05)	(05)	(03)	(02)
Weighted average number of common shares—outstanding	20,924,077	25,792,993	20,922,546	25,657,464

See accompanying notes to condensed consolidated financial statements (unaudited)

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in
Stockholders' Equity
(Unaudited)

	<u>Common Stock</u>		<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Total</u>
Balance at December 31, 2016	20,783,032	\$24,308,297	\$(10,289,867)	\$14,018,430
Net loss for nine months ended — September 30, 2017		-	(403,125)	(403,125)
Amortization of value of employee — stock options		<u>14,588</u>		<u>14,588</u>
Balance at September 30, 2017	<u>20,783,032</u>	<u>\$24,322,885</u>	<u>\$(10,692,992)</u>	<u>\$13,629,893</u>

See accompanying notes to condensed consolidated financial statements (unaudited)

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended September 30,	
	2016	2017
OPERATING ACTIVITIES		
Net loss	\$ (611,323)	\$ (403,125)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Depreciation and amortization	75,982	444,410
Non-cash expense for the valuation of receivable	750,659	350,000
Deferred income taxes	(377,995)	140,862
Non-cash expense	-	24,526
Change in fair value of derivatives	-	632,537
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(315,551)	(548,387)
Inventories	(250,800)	27,535
Prepaid expenses	(235,837)	(18,222)
Other assets including long-term portion of receivables	239,816	(907,527)
Increase (decrease) in		
Accounts payable and accrued expenses	= (146,851)	= 276,392
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,171,900)	= 19,001
INVESTING ACTIVITIES		
Purchase of property and equipment	= (9,699)	(341,023)
NET CASH USED IN INVESTING ACTIVITIES	= (9,699)	(341,023)
FINANCING ACTIVITIES		
Payment of principal BMO term loans	(437,150)	(1,366,454)
Payment of principal Super G Funding, LLC loan	(89,000)	(2,066,282)
Payment of principal Kingsway America loan	-	(600,000)
Net payment of officers loans	-	(310,000)
Net proceeds from First Financial term loan	1,915,417	4,114,790
Net proceeds from Super G Funding, LLC	-135,000	-
Proceeds from officers loan	= 1,524,267	= 647,119
Net proceeds from convertible notes payable	<u>1,524,267</u>	<u>419,173</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
DISCONTINUED OPERATIONS		
Payment of obligations from discontinued operations	(361,454)	(193,265)
Decrease in cash	(18,786)	(96,114)
Cash at beginning of period	<u>194,021</u>	<u>477,928</u>
Cash at end of period	<u>\$ 175,233</u>	<u>\$ 381,814</u>

Supplemental schedule of investing and financing activities

Cash paid for interest \$ 266,412
 Cash paid for interest \$ 911,488

Notes to Condensed Consolidated Financial Statements (Unaudited)

See accompanying notes to condensed consolidated financial statements (unaudited)

Note 1 The accompanying unaudited interim condensed consolidated financial statements

included herein, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Contain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated statements have been prepared in accordance with the Company's accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and should be read in conjunction with the audited consolidated financial statements and the notes thereto included in that report. Unless the context indicates otherwise, references to the "Company", "mean Noble Roman's, Inc. and its subsidiaries—

In the opinion of the management of the Company, the information contained herein reflects all adjustments necessary for a fair presentation of the results of operations and cash flows for the interim periods presented and the financial condition as of the dates indicated, which adjustments are of a normal recurring nature. The results for the three month and nine month periods ended September 30, 2017, respectively, are not necessarily indicative of the results to be expected for the full year ending December 31, 2017.

Note 2—Royalties and fees include initial franchise fees of \$76,000 and \$16,000 for the three month and nine month periods ended September 30, 2016, and \$42,000 and \$164,000 for the three month and nine month periods ended September 30, 2017, respectively. Royalties and fees include equipment commissions of \$7,000 and \$17,000 for the three month and nine month periods ended September 30, 2016, and \$16,000 and \$34,000 for the three month and nine month periods ended September 30, 2017, respectively. Royalties and fees including interest per franchise agreements, less initial franchise fees and equipment commissions were \$1.9 million and \$5.3 million for the respective three month and nine month periods ended September 30, 2016, and \$1.7 million and \$4.9 million for the respective three month and

nine month periods ended September 30, 2017. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded, which is based on a contractual liability of the franchisee—

There were 2,768 franchisees/licenses in operation on December 31, 2016 and 2,831 franchisees/licenses in operation on September 30, 2017. During the nine month period ended September 30, 2017, there were 85 new outlets opened and 22 outlets closed. In the ordinary course, grocery stores from time to time add out licensed products, remove them and may subsequently re-offer them. Therefore, it is unknown how many licensed grocery store units included in the count above have left the system.

Note 3—On September 13, 2017, the Company entered into a loan agreement (the "Agreement") with First Financial Bank (the "Bank"). The Agreement provides for a senior credit facility (the "Credit Facility") to be provided by the Bank consisting of (i) a term loan in the amount of \$4.5 million (the "Term Loan"), and (ii) a development line of credit of up to \$204,000 for the three month and nine month periods ended September 30, 2016, and \$42,000 and \$164,000 for the three month and nine month periods ended September 30, 2017, respectively. Borrowings under the Credit Facility bear interest at a variable annual rate equal to the London Interbank Offer Rate ("LIBOR") plus 4.25%. All September 13, 2022.

Proceeds of the Term Loan were used to repay the Company's existing indebtedness to BMO Harris Bank, Super G Capital, LLC and certain officers of the Company, to pay certain expenses related to the Credit Facility and the remainder used for general corporate purposes.

The Company may draw on the Development Line of Credit in three tranches of up to \$550,000 each for eligible costs incurred by it to build out three new locations of Noble Roman's Craft Pizza & Pub. Repayment of advances under each tranche of the Development Line of Credit will begin four months following the draw of each tranche based on a seven year amortization schedule. Interest will be paid monthly as accrued.

The Agreement contains affirmative and negative covenants, including, among other things, covenants requiring the Company to maintain certain financial ratios. The Company's obligations under the Agreement are secured by first priority liens on all of the Company's and certain of its subsidiaries' assets, and a pledge of all of the Company's equity interest in such subsidiaries. In addition, Paul W. Mobley, the Company's Executive Chairman and Chief Financial Officer, executed a limited guarantee only on borrowings under the Development Line of Credit which is to be released upon achieving certain financial ratios by the Company's Craft Pizza & Pub locations.

Note 4 The following table sets forth the calculation of basic and diluted earnings per share for the three-month and nine-month periods ended September 30, 2016.

	Three Months Ended September 30, 2016		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net loss	\$ (992,519)	20,783,032	\$ (05)
Effect of dilutive securities — Options	=====	141,045	
Diluted earnings per share Net loss	\$ (992,519)	20,924,077	\$ (05)
	Nine Months Ended September 30, 2016		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net loss	\$ (611,323)	20,781,501	\$ (03)
Effect of dilutive securities — Options	=====	141,045	
Diluted earnings per share Net loss	\$ (611,323)	20,922,546	\$ (03)

The following table sets forth the calculation of basic and diluted earnings per share for the three month and nine month periods ended September 30, 2017.

	Three Month Ended		
	September 30, 2017	September 30, 2017	Per Share Amount
Net loss	Income (Numerator) \$(1,176,741)	Shares (Denominator) 20,783,032	\$(.06)
Effect of dilutive securities			
Options and warrants	60,000	209,963	
Convertible notes	60,000	4,800,000	
Dilutive earnings per share	\$(1,167,741)	25,792,995	\$(.04)
Net loss			
Effect of dilutive securities			
Options and warrants			
Convertible notes			
Dilutive earnings per share			
Net loss	Income (Numerator) \$(403,125)	Shares (Denominator) 20,783,032	\$(.02)
Effect of dilutive securities			
Options and warrants		209,963	
Convertible notes	131,303	4,664,469	
Dilutive earnings per share	\$(271,822)	25,657,464	\$(.01)
Net loss			

Note 5—The Financial Accounting Standards Board (the “FASB”) recently issued Accounting Standards Update (“ASU”) 2015-17 as part of its Simplification Initiative. The amendments eliminate the guidance in Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and non-current amounts in a classified balance sheet. Rather, deferred taxes are now presented as non-current under the new standard. In the balance sheet as of December 31, 2016, under the previous guidance, \$925,000 of the deferred tax asset was recorded in current assets and with the current guidance, the deferred tax asset is all presented as non-current.

Note 6—The accounting treatment of derivative financial instruments requires that the Company record these instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification—

As described in Note 3 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, in 2016 and the first quarter of 2017, the Company conducted a private placement (the “Offering”) of Units with each Unit consisting of a convertible promissory note (collectively, the “Notes”) and a warrant to purchase shares of the Company’s common stock (collectively, the “Warrants”) for which Dyane Capital Markets, LLC served as the placement agent (the “Placement Agent”). The total of \$2.4 million principal amount of Notes and Warrants to purchase up to 2.4 million shares of the Company’s common stock—

The fair value of the derivative instruments, along with the cash-Placement Agent fees, are deducted from the carrying value of the Notes, as original issue discount ("OID"). The OID is amortized over the term of the Notes using the effective interest rate method.

Activity related to the Units during the first quarter of 2017 is as follows-

Gross Proceeds from additional convertible notes	\$ 800,000
Placement Agent Fees	104,000
Fair Value of Warrants	106,363
Fair Value of Conversion Features	447,586
Fair Value of Placement Agent Warrants	54,650
Net Amount Allocable to Notes	87,401

At September 30, 2017, the balance of the Notes is comprised of	
Face Value	\$ 2,400,000
Unamortized OID	1,362,950
Carrying Value	1,037,050

To measure the fair value of derivative instruments, the Company utilizes Monte Carlo models that value a warrant issued to Kingsway America, Inc. (the "Kingsway Warrant"), the embedded conversion feature in the Notes (the "Conversion Feature"), the Warrants and the warrants issued to the Placement Agent (the "Placement Agent Warrants"). The Monte Carlo models are based on future projections of the various potential outcomes of each instrument, giving consideration to the terms of each instrument. A discounted average cash flow over the various scenarios is completed to determine the value of the instrument.

The table below provides a summary of the changes in fair value, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the quarter ended September 30, 2017.

	Kingsway Warrant	Conversion Feature	Warrants	Placement Agent Warrants	Total
Balance December 31, 2016	\$ 68,335	\$435,672	\$93,387	\$ 48,684	\$ 646,078
Issuance During First Quarter	-	447,586	106,363	54,650	608,599
Change in Fair Value of Derivative Liabilities	185,573	318,799	89,069	39,096	632,537
Balance September 30, 2017	\$ 253,908	\$1,202,057	\$288,819	\$ 142,430	\$1,887,214

Note 7. The Company evaluated subsequent events through the date the financial statements were issued and filed with SEC. There were no subsequent events that required recognition or disclosure beyond what is disclosed in this report.

Consolidated Balance Sheets
Noble Roman's, Inc. and Subsidiaries

December 31,

<u>Assets</u>	<u>2016</u>	<u>2017</u>
<u>Current assets.</u>		
<u>Cash</u>	\$ 477,928	\$ 461,068
<u>Accounts receivable - net</u>	<u>1,828,534</u>	<u>1,796,757</u>
<u>Inventories</u>	<u>754,418</u>	<u>779,989</u>
<u>Prepaid expenses</u>	<u>568,386</u>	<u>680,326</u>
<u>Deferred tax asset - current portion</u>	<u>925,000</u>	<u>-</u>
<u>Total current assets</u>	<u>4,554,266</u>	<u>3,718,140</u>

Property and equipment.

<u>Assets</u>	<u>2015</u>	<u>2016</u>
<u>Current assets-</u>		
<u>Cash</u>	\$ 194,021	\$ 477,928
<u>Accounts receivable - net</u>	<u>2,007,751</u>	<u>1,828,534</u>
<u>Inventories</u>	<u>492,222</u>	<u>754,418</u>
<u>Prepaid expenses</u>	<u>634,016</u>	<u>568,386</u>
<u>Deferred tax asset - current portion</u>	<u>925,000</u>	<u>925,000</u>
<u>Total current assets</u>	<u>4,253,010</u>	<u>4,554,266</u>

Property and equipment-

Equipment	1,376,190	1,963,957	<u>2,533,848</u>
Leasehold improvements	88,718	88,718	<u>581,197</u>
Construction and equipment in progress	<u>351,533</u>	<u>558,602</u>	
	1,464,908	2,404,208	<u>3,673,647</u>
Less accumulated depreciation and amortization	<u>1,092,785</u>	<u>1,194,888</u>	<u>1,372,821</u>
Net property and equipment	<u>372,123</u>	<u>1,209,320</u>	<u>2,300,826</u>
Deferred tax asset (net of current portion)	8,158,523	8,696,870	<u>5,735,504</u>
Goodwill		278,466	<u>278,466</u>
Other assets including long-term portion of accounts receivable - net	<u>5,681,272</u>	<u>5,159,937</u>	<u>6,851,697</u>
Total assets	<u>\$ 18,464,928</u>	\$ 19,898,859	<u>\$ 18,884,633</u>

Liabilities and Stockholders' Equity

Liabilities and Stockholders' Equity

<u>Current liabilities</u>			
Current portion of long-term notes payable to bank	\$ 601,081	\$ 655,725	<u>\$ 754,173</u>
Current portion of loan payable to Super G		1,130,765	<u>-</u>
Accounts payable and accrued expenses	<u>847,418</u>	<u>339,125</u>	<u>674,600</u>
Total current liabilities	<u>1,448,499</u>	<u>2,125,615</u>	<u>1,428,773</u>

Long-term obligations

Notes payable to bank (net of current portion)	1,366,454	710,729	<u>3,257,691</u>
<u>Development loans (net of current portion)</u>	<u>-</u>	<u>-</u>	<u>988,684</u>
Loan payable to Super G (net of current portion)		718,175	<u>-</u>
Notes payable to officer-officers	<u>175,000</u>	<u>310,000</u>	<u>-</u>

Note payable to Kingsway America	<u>600,000</u>	600,000	=
Convertible notes payable	-	769,835	<u>1,131,982</u>
Derivative warrant liability	-	210,404	<u>503,851</u>
Derivative conversion liability	<u>435,671</u>	<u>435,671</u>	<u>925,561</u>
Total long-term liabilities	<u>2,141,454</u>	<u>3,754,814</u>	<u>6,807,769</u>

Stockholders' equity

Common stock — no par value (25,000,000 shares authorized, 20,775,921			
issued and outstanding as of December 31, 2015 and 20,783,032		24,294,002	24,308,297
issued			
and outstanding as of December 31, 2016)			
Accumulated deficit		<u>(9,419,027)</u>	<u>(10,289,867)</u>
Total stockholders' equity		<u>14,874,975</u>	<u>14,018,430</u>
Total liabilities and stockholders' equity		<u>\$ 18,464,928</u>	<u>\$ 19,898,859</u>

Stockholders' equity. Common stock — no par value (40,000,000 shares authorized, 20,783,032 outstanding as of December 31, 2016 and 2017) 24,308,297 24,322,885

<u>Accumulated deficit</u>	<u>(10,289,867)</u>	<u>(13,674,794)</u>
<u>Total stockholders' equity</u>	<u>14,018,430</u>	<u>10,648,091</u>
<u>Total liabilities and stockholders' equity</u>	<u>\$ 19,898,859</u>	<u>\$ 18,884,633</u>

See accompanying notes to consolidated financial statements —

**Consolidated Statements of
Operations Noble Roman's,
Inc and Subsidiaries**

	Year Ended December 31,			
	2014	2015	2016	2017
Royalties and fees	\$ 7,479,334	\$ 7,464,963	\$ 7,350,692	\$ 6,798,213
Administrative fees and other	72,541	56,520	42,402	45,730
Restaurant revenue-Craft Pizza & Pub				1,820,737
Restaurant revenue-non-traditional	363,340	207,803	443,391	1,173,728
Total revenue	7,915,215	7,729,286	7,836,485	9,838,408
Operating expenses				
Salaries and wages	1,063,076	1,141,562	996,303	925,648
Trade show expense	541,385	543,354	520,691	493,803
Travel expense	235,127	255,125	230,091	170,978
Broker commissions	-	-	32,241	-
Other operating expenses	876,162	834,320	769,791	852,930
Restaurant expenses - Craft Pizza & Pub	402,281	248,139	443,389	1,389,410
Restaurant expenses - non-traditional		2	443,389	1,155,073
		4		
		8		
		1		
		3		
		9		
Depreciation and amortization	111,750	105,843	124,773	240,854
General and administrative	1,646,502	1,659,966	1,641,853	1,665,980
Total expenses	4,876,283	4,788,309	4,759,132	6,894,676
Operating income	3,038,932	2,940,977	3,077,353	2,943,732
Interest	190,382	186,414	615,685	1,474,027
Loss on restaurant discontinued	-	191,390	36,776	-
Change in fair value of derivatives	-	-	44,464	174,737
Adjust valuation of receivables - including Heyser case			1,230,000	1,103,521
Adjust valuation of receivables - including Heyser case		1,230,000	1,103,521	440,000
Income before income taxes from continuing operations	2,848,550	1,333,173	1,276,907	854,968
Income tax expense	1,104,809	512,671	487,880	4,146,459
Net income (loss) from continuing operations	1,743,741	820,502	789,027	(3,291,491)
Loss from discontinued operations net of tax benefit	(153,545)	(34,724)	(1,659,867)	(93,436)
Net income (loss)	\$ 1,590,196	\$ 785,778	\$ (870,840)	\$ (3,384,927)

of \$97,284 for 2014, of \$21,697 for 2015 and 2015, \$1,026,277 for 2016, and \$57,431 for 2017

Earnings (loss) per share - basic			
Net income (loss) from continuing operations	\$.09	\$.04	\$.04
Net loss from discontinued operations net of tax benefit	\$ (01)	\$ (00)	\$ (08)
Net income (loss)	\$.08	\$.04	\$ (04)
Weighted average number of common shares outstanding			
	19,870,904	20,517,846	20,781,886
Diluted earnings (loss) per share			
Net income from continuing operations	\$.08	\$.04	\$.04
Net loss from discontinued operations net of tax benefit	\$ (01)	\$ (00)	\$ (08)
Net income (loss)	\$.07	\$.04	\$ (04)
Weighted average number of common shares outstanding			
	21,204,439	21,439,242	21,208,173
Weighted average number of common shares outstanding			
	20,517,846	20,781,886	
	20,783,032		
Diluted earnings (loss) per share			
Net income (loss) from continuing operations (1)	\$.04	\$.04	\$ (16)
Net loss from discontinued operations net of tax benefit	\$ (00)	\$ (08)	\$ (00)
Net income (loss) (1)	\$.04	\$ (04)	\$ (16)
Weighted average number of common shares outstanding			
	21,439,242	21,208,173	
	25,704,286		

(1) In 2017, net loss per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect.

See accompanying notes to consolidated financial statements

**Consolidated Statements of
Changes in
Stockholders'
Equity
Noble Roman's, Inc. and Subsidiaries**

	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Common Stock Total</u>	<u>Accumulated</u>
Balance at December 31, 2013		<u>19,585,089</u>		<u>\$ 23,498,401</u>	<u>\$ (11,795,001)</u>
				2014 net income	<u>1,590,196</u>
Cashless exercise of employee					<u>stock option</u>
					<u>214,998</u>
Amortization of value of					<u>stock options</u>
					<u>48,815</u>
					<u>48,815</u>
Stock issued in exchange for					<u>payables</u>
					<u>180,000</u>
					<u>318,208</u>
					<u>318,208</u>
Exercise of employee stock options					
	<u>115,000</u>	<u>105,230</u>		<u>105,230</u>	
		<u>20,095,087</u>		<u>\$ 23,970,654</u>	<u>\$ (10,204,805)</u>
					<u>\$ 13,765,849</u>
				2015 net income	<u>785,778</u>
Cashless exercise of employee					<u>stock option</u>
					<u>360,167</u>
Amortization of value of					<u>stock options</u>
					<u>26,962</u>
					<u>26,962</u>
					<u>payables</u>
					<u>50,000</u>
					<u>95,000</u>
					<u>95,000</u>
Balance at December 31, 2015		<u>20,775,921</u>	<u>\$ 24,294,002</u>	<u>\$ (9,419,027)</u>	<u>\$ 14,874,975</u>
Exercise of employee stock options					
					<u>stock option</u>
					<u>201,386</u>
					<u>payables</u>
					<u>50,000</u>
					<u>95,000</u>
					<u>95,000</u>
2016 net loss				<u>(870,840)</u>	<u>(870,840)</u>
Cashless exercise of employee					
					<u>stock option</u>
					<u>201,386</u>
					<u>payables</u>
					<u>50,000</u>
					<u>95,000</u>
					<u>95,000</u>
Balance at December 31, 2015		<u>20,775,921</u>	<u>\$ 24,294,002</u>	<u>\$ (9,419,027)</u>	<u>\$ 14,874,975</u>
					<u>7,111</u>
					<u>201,386</u>
					<u>payables</u>
					<u>50,000</u>
					<u>95,000</u>
					<u>95,000</u>
2016 net loss				<u>(870,840)</u>	<u>(870,840)</u>
Amortization of value of					
					<u>stock options</u>
					<u>14,295</u>
					<u>14,295</u>

Cashless exercise of employee

~~stock option~~
~~7,111~~

Amortization of value of

~~stock options~~
~~11,295~~

14,295

Balance at December 31, 2016 20,783,032 \$24,308,297 \$(10,289,867) \$14,018,430

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows
Noble Roman²s, Inc and Subsidiaries

	Year ended December			
	31,			
	2014	2015	2016	2017
OPERATING ACTIVITIES				
Net income (loss)		\$ 785,778	\$ (870,840)	
	1,590,196			
<u>Net income (loss)</u> Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		<u>\$ 785,778</u>	<u>\$ (870,840)</u>	<u>\$ (3,384,927)</u>
<u>Depreciation and amortization</u>	<u>98,826</u>	<u>166,681</u>		<u>604,481</u>
<u>Depreciation and amortization</u>	<u>128,265</u>	<u>98,826</u>	<u>166,681</u>	
Deferred income taxes	1,007,526	490,974	(538,348)	<u>3,886,366</u>
Change in fair value of derivatives				44,464
<u>Change in fair value of derivatives</u> Changes in operating assets and liabilities			<u>44,464</u>	<u>174,737</u>
(Increase) decrease in Accounts receivable		(319,797)	131,217	(575,302)
(Increase) decrease in Accounts receivable	(419,166)	(319,797)	131,217	
Inventories	(43,578)	(110,822)	(244,898)	(25,572)
Prepaid expenses	4,344	(166,295)	104,802	<u>112,028</u>
Other assets including long-term portion of accounts receivable	(1,861,460)	(665,341)	150,885	<u>(1,084,680)</u>
Increase (decrease) in Accounts payable and accrued expenses	263,622	322,453	(473,916)	<u>585,869</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>435,776</u>	<u>(1,529,953)</u>	<u>293,000</u>	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>669,749</u>	<u>435,776</u>	<u>(1,529,953)</u>	
INVESTING ACTIVITIES				
<u>INVESTING ACTIVITIES</u> Purchase of property and equipment	(22,176)	(13,840)	(364,035)	<u>(1,372,674)</u>
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	<u>(22,176)</u>	<u>(13,840)</u>	<u>(364,035)</u>	<u>(1,372,674)</u>
FINANCING ACTIVITIES				
Payment of principal outstanding on bank loan	(1,235,694)	(1,348,229)	(601,081)	<u>(1,366,454)</u>
Payment of principal on Super G loan	-	-	(78,976)	<u>(2,066,283)</u>
<u>Payment of principal on First Financial Bank loan</u>				<u>(160,714)</u>
<u>Payment of principal on Kingsway America loan</u>				<u>(600,000)</u>
Proceeds from new financings net of closing	697,704	600,000	3,210,509	<u>5,792,132</u>

costs				
Proceeds Net proceeds (repayment of)	-	175,000	135,000	(310,000)
from officers loans				
Proceeds from the exercise of stock	<u>-105,230</u>	<u>201,386</u>		<u>-</u>
options				
NET CASH (USED) PROVIDED BY FINANCING- ACTIVITIES	(432,760)	(371,843)	2,665,452	
DISCONTINUED- OPERATIONS ACTIVITIES		(371,843)	2,665,452	1,288,681
DISCONTINUED OPERATIONS Payment	(172,251)			
of obligations from discontinued operations		(56,421)	(487,557)	(225,867)
Increase (decrease) in cash	42,562	(6,328)	283,907	(16,860)
Cash at beginning of year	<u>157,787</u>	<u>200,349</u>	<u>194,021</u>	477,928
Cash at end of year	<u>\$ 200,349</u>	\$ 194,021	\$ 477,928	\$ 461,068
Supplemental Schedule of Non-Cash Investing and Financing Activities.				

Supplemental Schedule of Non-Cash Investing and Financing Activities

In 2015, options to purchase 90,000 shares at \$ 36 per share, 100,000 shares at \$ 95 per share, 300,000 shares at \$1 05 per share, 66,666 shares at \$ 58 per share and 30,000 shares at \$ 90 per share were exercised pursuant to the cashless exercise provisions of the options and the holders received 360,167 shares of common stock Also in 2015 the Company issued 50,000 shares of common stock in exchange for \$95,000 in payables

In 2016 ~~option~~ **options** to purchase 20,000 shares at \$ 58 per share ~~was~~ **were** exercised and the holder received 7,111 shares of common stock pursuant to the cashless exercise provision of the option

The Company acquired two restaurants from franchisees during the fourth quarter of 2016, in exchange for \$131,417 of equipment, \$17 298 of inventory and \$427 181 in accounts payable and accrued expenses

See accompanying notes to consolidated financial statements

**Notes to Consolidated
Financial Statements Noble
Roman's, Inc and
Subsidiaries**

Note I Summary of Significant Accounting Policies

Organization The Company, with three wholly-owned subsidiaries, sells and services franchises and/or licenses and operates Company-owned foodservice locations for non-traditional foodservice operations and, In addition, the Company also owns and operates stand-alone retail outlets Craft Pizza & Pub restaurants under the trade names "Noble Roman's Pizza," "Tuscano's Italian Style Subs" and "Noble Roman's Craft Pizza & Pub " Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc and its three wholly-owned subsidiaries

Principles of Consolidation The consolidated financial statements include the accounts of Noble Roman's, Inc and its wholly-owned subsidiaries, Pizzaco, Inc , N R Realty, Inc and RH Roanoke, Inc Inter-company balances and transactions have been eliminated in consolidation

Inventories Inventories consist of food, beverage, restaurant supplies, restaurant equipment and marketing materials and are stated at the lower of cost (first-in, first-out) or ~~market~~ net realizable value

Property and Equipment Equipment and leasehold improvements are stated at cost Depreciation and amortization are computed on the straight-line method over the estimated useful lives ranging from five years to ~~12~~ 20 years Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease including likely renewals Construction and equipment in progress are stated at cost for leasehold improvements and equipment for a new restaurant being constructed and was not completed until January 2017—2018.

Cash and Cash Equivalents Includes actual cash balance The cash is not pledged nor are there any withdrawal restrictions

Advertising Costs The Company records advertising costs consistent with the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Other Expense topic and Advertising Costs subtopic This statement requires the Company to expense advertising production costs the first time the production material is used

Fair Value Measurements and Disclosures The Fair Value Measurements and Disclosures topic of the FASB's ASC requires companies to determine fair value based on the price that would be received to sell the assets or paid to transfer to liability to a market participant The fair value measurements and disclosure topic emphasis that fair value is a market based measurement, not an entity specific measurement The guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following categories

Level One Quoted market prices in active markets for identical assets or liabilities

Level Two Observable market ~~—~~based inputs or unobservable inputs that are corroborated by market data

Level Three ~~Unobservable~~ Unobservable inputs that are not corroborated by market data

Use of Estimates The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Company records a valuation allowance in a sufficient amount to adjust the accounts receivables value, in its best judgment, to reflect the amount that the Company estimates will be collected from its total receivables. As any accounts are determined to be permanently impaired (bankruptcy, lack of contact, age of account balance, etc.), they are charged off against the valuation allowance. The Company evaluates its property and equipment and related costs periodically to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate that affect the recovery of recorded value. If any impairment of an individual asset is evident, a loss would be provided to reduce the carrying value to its estimated fair value.

Debt Issuance Costs Debt issuance cost is presented on the balance sheet as a direct ~~reduction~~ reduction from the carrying amount of the associated liability. ~~The debt issuance cost was reclassified from other assets to long-term debt on its balance sheet but had no effect on its statement of operations.~~ Debt issuance costs are amortized to interest expense ratably over the term of the applicable debt. The debt issuance cost being amortized is ~~\$278,408~~ \$455,000 with an accumulated amortization at December 31, 2016 ~~2017~~ of ~~\$45,727~~ \$41,000.

Intangible Assets The Company recorded goodwill of \$278,000 as a result of the acquisition of RH Roanoke, Inc., in Virginia and a second restaurant in North Carolina, both former franchisees of the Company. The acquisitions were in exchange for \$132,000 of equipment, \$17,000 of inventory and \$427,000 of accounts payable and accrued expenses. Goodwill has an indeterminable life and is assessed for impairment at least annually and more frequently as triggering events may occur. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. Any impairment losses determined to exist are recorded in the period the determination is made. There are inherent uncertainties related to these factors and management's judgment is involved in performing goodwill and other intangible assets valuation analyses, thus there is risk that the carrying value of goodwill and other intangible assets may be overstated or understated. The Company has elected to perform the annual impairment assessment of recorded goodwill as of the end of the Company's fiscal year. The results of this annual impairment assessment

indicated that the fair value of the reporting unit as of December 31, 2016, 2017, exceeded the carrying, or book value, including goodwill, and therefore recorded goodwill was not subject to impairment

Royalties, Administrative and Franchise Fees Royalties are generally recognized as income monthly based on a percentage of monthly sales of franchised or licensed restaurants and from audits including interest per the franchise agreement and other inspections as they come due and payable by the franchisee Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores or grocery store distributors Administrative fees are recognized as income monthly as earned Initial franchise fees are recognized as income when the services for the franchised location are substantially completed

Exit or Disposal Activities Related to Discontinued Operations The Company records exit or disposal activity for discontinued operations when management commits to an exit or disposal plan and includes those charges under results of discontinued operations, as required by the ASC "Exit or Disposal Cost Obligations" topic

Income Taxes The Company provides for current and deferred income tax liabilities and assets utilizing an asset and liability approach along with a valuation allowance as appropriate The Company concluded that no valuation allowance was necessary because it is more likely than not that the Company will earn sufficient income before the expiration of its net operating loss carry-forwards to fully realize the value of the recorded deferred tax asset As of December 31, 2016, 2017, the net operating loss carry-forward was

approximately \$2322 million which expires between the years 2019 and 2036 As a result of the 2017 Tax Act, the Company reduced the carrying value of the tax impact of the net operating loss carry-forward to reflect the new highest corporate income tax rate of 21% versus the old rate of 34%. Management made the determination that no valuation allowance was necessary after reviewing the Company's business plans, relevant known facts to date, recent trends, current performance and analysis of the backlog of franchises sold but not yet open

U S generally accepted accounting principles require the Company to examine its tax positions for uncertain positions Management is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities The Company's policy is to recognize penalties and interest as incurred in its Consolidated Statements of Operations None were included for the years ended December 31, 2014 ~~2015, 2016~~ and 2016 ~~2017~~. The Company's federal and various state income tax returns for 2013 ~~2014~~ through 2016 ~~2017~~ are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date

Basic and Diluted Net Income Per Share Net income per share is based on the weighted average number of common shares outstanding during the respective year When dilutive, stock options and warrants are included as share equivalents using the treasury stock method

The following table sets forth the calculation of basic and diluted earnings per share for the year ended

December 31, 2014

	Income	Shares	Per
Share			
	(Numerator)	(Denominator)	
Amount			
Earnings per share — basic			
Net income	1,590,196	19,870,904	\$
-08			
Effect of dilutive securities			
Options		1,333,535	
Diluted earnings per share			
Net income	\$ 1,590,196	21,204,439	\$
-07			

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2015

	Income	Shares	Per Share
		(Numerator)	Shares
(Denominator)			
Amount			
Earnings per share — basic			
Net income			
785,778			
20,517,846			
\$ 04			

Effect of dilutive securities

Options 921,396
 = 921,396

Diluted earnings per share

Net income \$ 785,778 21 439 242 \$ 04

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2016

<u>Income</u>	<u>Shares</u>	<u>Per Share</u>
<u>(Numerator)</u>	<u>(Denominator)</u>	<u>Amount</u>

Earnings per share—basic—

	<u>Income</u> <u>(Numerator)</u>	<u>Shares</u> <u>(Denominator)</u>	<u>Per</u> <u>Share</u> <u>Amount</u>
<u>Loss per share—basic</u>			
<u>Net loss</u>	<u>(870,840)</u>	<u>20,781,886</u>	<u>\$ (.04)</u>
<u>Effect of dilutive securities</u>			
<u>Options</u>		<u>32,845</u>	
<u>Convertible notes</u>		<u>393,442</u>	
<u>Diluted loss per share</u>			
<u>Net loss</u>	<u>\$ (870,840)</u>	<u>21,208,173</u>	<u>\$ (.04)</u>

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2017.

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Loss per share—basic			
Net loss	(3,384,927)	20,783,032	\$ (3.16)
Effect of dilutive securities			
Options		222,624	
Convertible notes	345,208	4,698,630	
Diluted loss per share			
Net loss (1)	\$ (3,039,719)	25,704,286	\$ (1.16)

(1) Net loss (870,840) 20,781,886 \$

(-04) Effect of per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect.

Options 32,845

Convertible notes 393,442

Diluted earnings per share

Net loss \$ (870,840) 21,208,173 \$

(-04)

Subsequent Events The Company evaluated subsequent events through the date the consolidated statements were issued and filed with the annual report. In January 2017, the Company repaid a promissory note to Kingsway America with an interest rate of 8% per annum due July 2017 by borrowing the \$600,000 from an officer of the Company at an interest rate of 7% per annum due March 2018. With the initial Kingsway loan, they received a warrant to purchase 300,000 shares of common stock at \$2.00 per share containing certain anti-dilutive provisions. In January 2017, as a result of those dilutive provisions, the warrant changed to 1,200,000 shares at \$.50 per share. In January 2017 the Company entered into a Fourth Amendment to its Credit Agreement with BMO Harris Bank (the 'Bank') to extend the maturity of that note from March 2017 to March 2018 with all other terms and conditions remaining the same including the monthly principal payments and the interest rate. In January 2017, the Company completed the Offering (as described in Note 3), began in 2016 of Notes and Warrants under which it issued a total of \$2.4 million principal amount of the Notes and Warrant to purchase 2.4 million shares of the Company's common stock. In January 2017, the Company opened its first Noble Roman's Noble Roman's Craft Pizza & Pub location. In January 2017, at a special meeting of the shareholders, they approved the authorized shares being increased from 25,000,000 to 40,000,000. In January 2018, the Company opened its third Craft Pizza & Pub and, in March 2018, the Company signed a lease and began development of the fourth Craft Pizza & Pub. In February 2018, the holder of \$100,000 convertible note elected to convert that note to 200,000 shares of common stock in accordance with the terms of the note.

No subsequent event required recognition or disclosure except as discussed above

Note 2 Accounts Receivable

At December 31, 2015~~2016~~ and 2016~~,2017~~, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its net receivables reflected on the Consolidated Balance Sheets as of December 31, 2015~~2016~~ and 2016~~2017~~ will be collected. The allowance to reduce the receivables to anticipated net realizable value at December 31, 2015~~2016~~ was \$1.2 million and at December 31, 2016~~2017~~ was \$2.7 million, including \$1.5 million related to discontinued operations.

In 2012, the Company dismissed its counterclaims against certain plaintiffs in the lawsuit related to the operations discontinued in 2008 and reduced the net realizable value by \$500,000 related to the Company's counterclaims against the plaintiffs in the lawsuit referenced above. In 2013, based on a judgment that was entered in February 2014 in the lawsuit, the Company reduced the carrying value of the receivables subject to the counterclaims by \$1.1 million. Since the right to receive passive income in the form of royalties is not a part of the discontinued operations, the adjustments to reflect these two charges were made to continuing operations. In 2015, the Company made an adjustment for valuation of receivables, including the receivables arising from the Heyser case above, of \$1.2 million. In 2016, the Company made an adjustment for valuation of receivables, including the receivables arising from the Heyser case above, of \$1.1 million. In 2017, the Company made an adjustment of \$440,000 for valuation of receivables.

Note 3 Notes Payable

In 2012, the Company entered into a Credit Agreement with the Bank for a term loan in the amount of \$5.0 million which was repayable in 48 equal monthly principal installments of approximately \$104,000 plus interest with a final payment due in May 2016. In October 2013, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment maintained the terms of the term loan except for reducing the monthly principal payments from \$104,000 to approximately \$80,700 and extending the loan's maturity to February 2017. All other terms and conditions of the term loan remained the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of \$825,000 requiring monthly principal payments of approximately \$20,600 per month commencing in November 2013 and continuing thereafter until the final payment in February 2017. The term loan provided for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08% per annum. Proceeds from the new term loan were used to redeem the Company's Series B Preferred Stock which were earning a return to the holders of 12% per annum.

In October 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment"). Pursuant to the Second Amendment, the Company borrowed \$700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of \$19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital and open air display coolers for grocery stores, as a result of the then recent growth in the grocery store take n bake venue.

In July 2015, the Company borrowed \$600,000 from a third party lender, evidenced by a promissory note which was to mature in July 2017. Interest on the note was payable at the rate of 8% per annum quarterly in arrears and this loan was subordinate to borrowings under the Company's bank loan. In connection with the loan, the Company issued, to the holder of the promissory note, a warrant entitling the holder to purchase up to 300,000 shares of the Company's common stock at an exercise price per share of \$2.00. The warrant expires in July 2020. The Kingsway warrant included anti-dilution features similar to those discussed in Note 3. As such, the Kingsway warrant is considered a derivative liability at December 31, 2016 due to the additional borrowing from Super G and the conversion feature of the private placement Notes, the number of shares of common stock underlying the Kingsway warrants increased from 300,000 to 480,000 and the exercise price per warrant decreased from \$2.00 per share to \$0.50 per share. In 2017, the number of shares underlying the warrant increased to 1.2 million and the exercise price remained at \$0.50 per share. Proceeds were used to increase working capital in anticipation of expected growth due to the Company hiring two new sales people, a Vice President of Supermarket Development, and entering into an agreement with a franchise broker. The Company repaid this loan in January 2017 with the proceeds of a \$600,000 loan from Paul W. Mobley at an interest rate of 7% per annum payable quarterly in arrears. The loan matures in March 2018.

In December 2015, the Company borrowed \$100,000 from Paul W. Mobley and \$75,000 from A. Scott Mobley, two officers of the Company, which are evidenced by promissory notes that were originally to mature in January 2017. In January 2016, \$25,000 of the previous borrowing from A. Scott Mobley was repaid. In February 2016, A. Scott Mobley loaned the Company another \$10,000 evidenced by a promissory note. In April 2016, the Company borrowed an additional \$150,000 from Paul W. Mobley, evidenced by a promissory note. Proceeds were used for working capital in conjunction with the loan from Super G Funding, LLC ("Super G"), as described below, Paul W. Mobley subordinated his \$250,000 note and A. Scott Mobley subordinated his \$60,000 note to the Super G loan and agreed to extend the maturity of those notes to June 10, 2018. Interest on the notes are payable at the rate of 10% per annum paid quarterly in arrears and the loans are unsecured. In January 2016, the Company entered into a Third Amendment to its Credit Agreement (the "Third Amendment"). Pursuant to the Third Amendment, the Company consolidated its three term loans with the Bank into a new term loan of \$1,967,000 repayable in monthly payments of principal in the amount of \$54,654 plus interest on the unpaid balance of LIBOR plus 6% per annum. The new term loan was to mature March 31, 2017 when the remaining principal balance would have become due. In addition, the Third Amendment provided for a revolving loan in the maximum amount of \$500,000 with a maturity of March 31, 2017. In June 2016, the Company borrowed \$2.0 million from Super G and used those funds (i) to repay the \$500,000 revolving Bank loan and (ii) for working capital purposes. This loan is to be repaid in the total amount of \$2.7 million in regular semi-monthly payments over a two year period. On September 13, 2017, the Company entered into a loan agreement (the "Agreement") with First Financial Bank (the "Bank"). The Agreement provides for a senior credit facility (the "Credit Facility") to be provided by the Bank consisting of: (i) a term loan in the amount of \$4.5 million (the "Term Loan"), and (ii) a development line of credit of up to \$1.6 million (the "Development Line of Credit").

Borrowings under the Credit Facility bear interest at a variable annual rate equal to the London Interbank Offer Rate ("LIBOR") plus 4.25%. All outstanding amounts owed under the Agreement mature on September 13, 2022.

Proceeds of the Term Loan were used to repay the Company's existing indebtedness to BMO Harris Bank, Super G Capital, LLC and certain officers of the Company, to pay certain expenses related to the Credit Facility and the remainder used for general corporate purposes.

The Company may draw on the Development Line of Credit in three tranches of up to \$550,000 each for eligible costs incurred by it to build-out three new locations of Noble Roman's Craft Pizza & Pub.

Repayment of advances under each tranche of the Development Line of Credit will begin four months following the draw of each tranche based on a seven-year amortization schedule. Interest will be paid monthly as accrued.

The Agreement contains affirmative and negative covenants, including, among other things, covenants requiring the Company to maintain certain financial ratios. The Company's obligations under the Agreement are secured by first priority liens on all of the Company's and certain of its subsidiaries' assets and a pledge of all of the Company's equity interest in such subsidiaries. In addition, Paul W. Mobley, the Company's Executive Chairman and Chief Financial Officer, executed a limited guarantee only of borrowings under the Development Line of Credit which is to be released upon achieving certain financial ratios by the Company's Craft Pizza & Pub locations.

In the fourth quarter of 2016, the Company issued 32 Units, for a purchase price of \$50,000 per Unit, or \$1,600,000 in the aggregate and, in January 2017, the Company issued another 16 Units, or an additional \$800,000 in the aggregate Each \$50,000 Unit consists of a convertible, subordinated, unsecured promissory note (a "Note") in an aggregate principal amount of \$50,000 and warrants (the "Warrants") to purchase up to 50,000 shares of the Company's common stock, no par value per share (the "Common Stock") The Company issued Units to investors including the following related parties Paul W Mobley, the Company's Executive Chairman, Chief Financial Officer and a director of the Company (\$150,000), and Herbst Capital Management, LLC, the principal of which is Marcel Herbst, a director of the Company (\$200,000)

Interest on the Notes accrues at the annual rate of 10% and is payable quarterly in arrears Principal of the Notes matures three years after issuance Each holder of the Notes may convert them at any time into Common Stock of the Company at a conversion price of \$0.50 per share (subject to anti-dilution adjustments) Subject to certain limitations, upon 30 days' notice the Company may require the Notes to be converted into Common Stock if the daily average weighted trading price of the Common Stock equals or exceeds ~~\$2.00~~ 1.50 per share for a period of 30 consecutive trading days The Notes provide for customary events of default The Notes are unsecured and subordinate to senior debt of the Company In February 2018, a Note in the amount of \$100,000 was converted by its holder into 200,000 shares of Common Stock of the Company.

The Warrants expire three years from the date of issuance and provide for an exercise price of \$1.00 per share of Common Stock (subject to anti-dilution adjustments). Subject to certain limitations, the Company may redeem the Warrants at a price of \$0.001 per share of Common Stock subject to the Warrant upon 30 days' notice if the daily average weighted trading price of the Common Stock equals or exceeds ~~\$1.50~~ \$2.00 per share for a period of 30 consecutive trading days.

~~In connection with the issuance of the Units, the Company granted the Investors certain registration rights with respect to the shares of Common Stock into which the Notes are convertible and for which the Warrants are exercisable.~~

Divine Capital Markets LLC served as the placement agent for the offering of the Units (the "Placement Agent"). In consideration of the Placement Agent's services, the Placement Agent earns a cash fee and expense allowance equal to 10% and 3%, respectively, of the gross proceeds of the offering, as well as warrants (the "Placement Agent Warrants") for 10% of Units sold. Each Placement Agent Warrant allows the Placement Agent to purchase a Unit for \$60,000.

The Company evaluated the Notes, Warrants and Placement Agent Warrants to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815, Derivatives and Hedging. Due to the anti-dilution features in the contracts, commonly referred to as "down-round protection", the contracts do not meet the scope exception for

treatment as a derivative under ASC 815. As such, the embedded conversion feature in the Notes (the "Conversion Feature"), the Warrants and the Placement Agent warrants are considered derivative financial instruments.

The accounting treatment of derivative financial instruments requires that the Company record these instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The fair value of the derivative instruments, along with the cash Placement Agent fees, are deducted from the carrying value of the Notes, as original issue discount ("OID"). The OID is amortized over the term of the Notes using the effective interest rate method.

Activity related to the Units during the fourth quarter of 2016-2017 is as follows:

Gross Proceeds	\$1,600,000
	<u>800,000</u>
Placement Agent Fees	208,000
Fair Value of Warrants	96,380
Fair Value of Conversion Features	458,875
Fair Value of Placement Agent Warrants	46,358
Legal and Other Costs of Issuance	42,918
Net Amount Allocable to Notes	<u>\$-747,469</u>

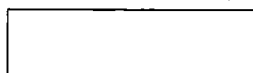
At December 31, 2016-2017, the balance of the Notes is comprised of:

Face Value	\$
	<u>1,600,000</u>
	<u>0</u>
Unamortized OID	(830,165)
	<u>1,268,018</u>
	<u>)</u>
Carrying Value	\$
	<u>769,835</u>
	<u>1,131,982</u>

Interest expense related to the Notes, including amortization of OID, amounted to \$22,365-532,485 for the year ended December 31, 2016-2017.

The Company intends to use the net proceeds of the Notes to fund the opening of a Noble Roman's Noble Roman's Craft Pizza & Pub restaurant and for general corporate purposes.

In January 2017, the Company entered into a Fourth Amendment to its Credit Agreement (the "Fourth Amendment"). Pursuant to the Fourth Amendment, the Bank extended the maturity of the term loan to March 31, 2018. All other terms and conditions of the loan remain the same including the monthly principal payments and the interest rate. Interest paid on the Company's loans in 2016 was \$401,034 and in 2015 was \$139,328. Total cash and



non-cash interest accrued on the Company's debt in 2017 was \$1.5 million and in 2016 was \$488,000.

Note 4 Fair Value Measurement

To measure the fair value of derivative instruments, the Company utilizes Monte Carlo models that value the Kingsway Warrant, Conversion Feature, Warrants and Placement Agent Warrants. The Monte Carlo models are based on future projections of the various potential outcomes of each instrument, giving consideration to the terms of each instrument. A discounted average cash flow over the various scenarios is completed to determine the value of the instrument.

The table below provides a summary of the changes in fair value, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2016 ~~2017~~

	Kingsway Warrant	Conversion Feature	Warrants	Placement Agent Warrants	Total
Balance January 1, December 31, 2016	-\$ 68,335	-\$ 435,672	-\$ 93,387	-\$48,684	-\$ 646,078
Issuance	-	458,875 47,586	96,380 10 6,363	46,358 54 650	601,613 608 599
Change in Fair Value of Derivative Liabilities	68,335 26,153	(23,203) 4 2,303	(2,993) 4 077	2,326 2,20 2	44,465 174.7 35
Balance — December 31, 2016 2017	68,335 194,488	435,672 925,561	93,387 203,827	48,684 105,536	646,078 1,429,412

The fair value of the derivative instruments as of December 31, 2016 ~~2017~~ were calculated using Monte Carlo models with the following weighted average assumptions

	Kingsway Warrant	Conversion Feature	Warrants	Placement Agent Warrants
Dividend Yield	0%	0%	0%	0%
Expected Volatility	58 73	58 75 %	58 75	58 75
Risk Free Interest Rate	1 61.9	1 41 %	1 41.9	1 41.9
Remaining Contractual Term (Years)	3-5 2.5	2-9 1 9	2-9 1.9	2-9 1.9

Note 5 Royalties and Fees

Approximately \$313,000, \$163,000 and ~~163,000~~, \$245,000 and ~~\$242,000~~ are included in 2014, ~~2015~~ **2015, 2016** and 2016, ~~2017~~, respectively, royalties and fees in the Consolidated Statements of Operations for initial franchise fees. Also included in royalties and fees were approximately \$80,000, \$65,000 and ~~65,000~~, \$54,000 and ~~\$44,000~~ in 2014, 2015 **2015, 2016** and 2016, ~~2017~~, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded which is based on contractual liability for the franchisee. ~~A substantial portion of the Company's ongoing royalty income is paid electronically by the Company initiating a draft on the franchisee's account by electronic withdrawal.~~

In conjunction with the development of Noble Roman's Pizza and Tuscano's Italian Style Subs, the Company has devised its own recipes for many of the ingredients that go into the making of its products ("Proprietary Products"). The Company contracts with various manufacturers to manufacture its Proprietary Products in accordance with the Company's recipes and formulas and to sell those products to authorized distributors at a contract price which includes an allowance for use of the Company's recipes. The manufacturing contracts also require the manufacturers to **hold those allowances in trust and to remit** those allowances to the Company on a periodic basis, usually monthly. The Company recognizes those allowances in revenue as earned based on sales reports from the distributors.

There were ~~2,562~~2,768 franchised or licensed outlets in operation on December 31, ~~2015~~2016 and ~~2,768~~2,854 on December 31, ~~2016~~2017. During the 12-month period ended December 31, ~~2016~~2017, there were ~~242~~109 new franchised or licensed outlets opened and ~~36~~23 franchised or licensed outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and possibly reoffering them. Therefore, it is unknown of the ~~2,017~~2,086 included in the December 31, ~~2016~~2017 count, how many grocery store licenses were actually operating at any given time.

Note 6 Contingent Liabilities for Leased Facilities

The Company is no longer contingently liable on any leased facilities

The Company has future obligations of \$1,414,526~~3,915,404~~ under current operating leases as follows due in less than one year \$286,426~~,458,660~~, due in one to three years \$431,920~~761,703~~, due in three to five years \$727,952 and due in three to in more than five years \$696,180~~2,032,762~~.

Note 7 Income Taxes

The Company had a deferred tax asset, as a result of prior operating losses, of ~~\$9.1 million at December 31, 2015 and \$9.6 million at December 31, 2016~~, 2016 and \$5.7 million at December 31, 2017, which expires between the years 2019 and 2036 ~~in 2014, 2015 and 2016~~. The net operating loss carry-forward is approximately \$22 million to prevent the Company from having to pay income tax on the amount of that operating loss carry-forward, however the carrying value of that deferred tax asset was significantly reduced by 2017 tax reform act which lowered the corporate income tax rate from 34% to 21%. In 2015, 2016 and 2017, the Company used deferred benefits to offset its tax expense of ~~\$1.1 million, \$513,000, \$488,000 and \$488,000, respectively, and tax benefits from loss on discontinued operations of \$97,000 in 2014, \$22,000 in 2015 and \$1.0 million in 2016~~ \$513,000, \$488,000 and \$488,000, respectively, and tax benefits from loss on discontinued operations of \$97,000 in 2014, \$22,000 in 2015 and \$1.0 million in 2016 \$22,000 in 2015, \$1.0 million in 2016 and \$57,000 in 2017, however the Company recorded a tax expense of \$4.1 million in 2017 to lower the carrying value of the deferred tax credit as a result of the corporate tax rate being reduced from 34% to 21%, as explained above. As a result of the loss carry-forwards, the Company did not pay any income taxes in ~~2014, 2015, 2016 and 2017~~ 2015, 2016 and 2017. There are no other material differences between reported income tax expense or benefit and the income tax expense or benefit that would result from applying the Federal and state statutory tax rates

Note 8 Common Stock

On February 28, 2016, a former director exercised a stock option for 20,000 shares of common stock at an exercise price of \$ 58 per share in a cashless exercise and was issued 7,111 shares of common stock

In connection with a loan in 2015, the Company issued a warrant entitling the holder to purchase up to 300,000 shares of the Company's common stock at a price per share of \$2.00. The warrant expires July 1, 2020, per the anti-dilution provisions of the warrant, the warrant, since January 2017, entitles the holder to purchase 1.2 million shares of the Company's common stock at a price of \$ 50 per share

As of December 31, ~~2016~~, 2017, the Company had issued Notes in the aggregate principal amount of ~~\$162.4~~ million convertible to common stock within three years at the rate of \$ 50 per share and Warrants to purchase up to ~~162.4~~ million shares of the Company's common stock at \$1.00 per share. ~~In January 2017, the Offering as a result of which the Company issued a total of \$2.4 million principal amount of Notes and Warrants to purchase up to 2.4 million shares of the Company's~~ In February

2018, one of the holders of the convertibles Notes converted their note for \$100,000 into 200,000 shares of Noble Roman's common stock

The Company has an incentive stock option plan for key employees, officers and directors. The options are generally exercisable three years after the date of grant and expire ten years after the date of grant.

The option prices are the fair market value of the stock at the date of grant. At December 31, ~~2016~~, 2017, the Company had the following employee stock options outstanding:

# Common Shares	
<u>Issuable</u>	<u>Exercise Price</u>
<u>Issuable</u>	<u>Exercise Price</u>
47,500	\$.58
<u>500</u>	
155,000	.58
1,400,000	.58
<u>31,000</u>	<u>.58</u>
31,000	.58
143,667	.58
230,500	1.00
<u>265,000</u>	1.00
<u>7,500</u>	
<u>257,500</u>	<u>1.00</u>
<u>317,500</u>	<u>1.00</u>
<u>312,500</u>	<u>.53</u>
325,000	1.00
325,000	.53
35,000	.50
<u>408,000</u>	<u>.51</u>

As of December 31, 2016, ~~2017~~, options for 2,165,999 2,491,160 shares were exercisable

The Company adopted the modified prospective method to account for stock option grants, which does not require restatement of prior periods. Under the modified prospective method, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption, net of an estimate of expected forfeitures. Compensation expense is based on the estimated fair values of stock options determined on the date of grant and is recognized over the related vesting period, net of an estimate of expected forfeitures which is based on historical employee attrition.

The Company estimates the fair value of its option awards on the date of grant using the Black-Scholes option pricing model. The risk-free interest rate is based on external data while all other assumptions are determined based on the Company's historical experience with stock options. The following assumptions were used for grants in 2014, 2015, 2015, 2016 and 2016, 2017.

Expected volatility	20% ————— to 30%	Expected dividend yield	None	Expected
Risk-free interest rate	1.4% to 2.64%			<u>2.38%</u>

The following table sets forth the number of options outstanding as of December 31, 2013, 2014, 2015, 2015, 2016 and 2016, 2017 and the number of options granted, exercised or forfeited during the years ended December 31, 2014, December 31, 2015 and December 31, 2016, 2015, 2016 and 2017.

Balance of employee stock options outstanding as of 12/31/13	3,457,500
— Stock options granted during the year ended 12/31/14	370,000
— Stock options exercised during the year ended 12/31/14	(390,000)
— Stock options forfeited during the year ended 12/31/14	(2,500)
Balance of employee stock options outstanding as of 12/31/14	3,435,000
Stock options granted during the year ended 12/31/15	410,000
Stock options exercised during the year ended 12/31/15	(877,333)
Stock options forfeited during the year ended 12/31/15	(310,000)
Balance of employee stock options outstanding as of 12/31/15	2,657,667
Stock options granted during the year ended 12/31/16	395,000
Stock options exercised during the year ended 12/31/16	(20,000)
Stock options forfeited during the year ended 12/31/16	(75,000)
Balance of employee stock options outstanding as of 12/31/16	2,957,667
Stock options granted during the year ended 12/31/17	410,500
Stock options exercised during the year ended 12/31/17	0
Stock options forfeited during the year ended 12/31/17	(34,000)
Balance of employee stock options outstanding as of 12/31/17	3,334,167

The following table sets forth the number of non-vested options outstanding as of December 31, 2013, 2014, 2015, 2016 and 2017, and the number of stock options granted, vested and forfeited during the years ended December 31, 2014, 2015, 2016 and 2017.

Balance of employee non-vested stock options outstanding as of 12/31/13	1,416,500
— Stock options granted during the year ended 12/31/14	370,000
— Stock options vested during the year ended 12/31/14	(755,000)
— Stock options forfeited during the year ended 12/31/14	-
Balance of employee non-vested stock options outstanding as of 12/31/14	1,031,500
Stock options granted during the year ended 12/31/15	410,000
Stock options vested during the year ended 12/31/15	(380,999)
Stock options forfeited during the year ended 12/31/15	(330,000)
Balance of employee non-vested stock options outstanding as of 12/31/15	730,501
Stock options granted during the year ended 12/31/16	395,000
Stock options vested during the year ended 12/31/16	(258,833)
Stock options forfeited during the year ended 12/31/16	(75,000)
Balance of employee non-vested stock options outstanding as of 12/31/16	791,668
Stock options granted during the year ended 12/31/17	410,500
Stock options vested during the year ended 12/31/17	(418,333)
Stock options forfeited during the year ended 12/31/17	(34,000)
Balance of employee non-vested stock options outstanding as of 12/31/17	749,835

During 2017, employee stock options were granted for 395,000 410,500 shares, options for 20,000 shares were exercised and options for 75,000 34,000 shares were forfeited. At December 31, 2017, the weighted average grant date fair value of non-vested options was \$ 79.63 per share and the weighted average grant date fair value of vested options was \$ 66 per share. The weighted average grant date fair value of employee stock options granted during 2017 was \$1.00, during 2016 was \$1.00 and during 2015 was \$ 53.53 and during 2017.

was \$5.51. Total compensation cost recognized for share-based payment arrangements was—~~\$48,815 with a tax benefit of \$18,935 in 2014, \$26,962 with a tax benefit of \$10,369 in 2015 and 2015, \$14,295 with a tax benefit of \$5,497 in 2016—2016 and \$14,704 with a tax benefit of \$5,808 in 2017. As of December 31, 2016,~~2017,~~ total unamortized compensation cost related to ~~non-vested~~ options was ~~\$32,297~~ 28,757, which will be recognized as compensation cost over the next ~~six~~ three to ~~33~~ 26 months. No cash was used to settle equity instruments under share-based payment arrangements.~~

Note 9 Statements of Financial Accounting Standards

The Company does not believe that the recently issued Statements of Financial Accounting Standards will have any material impact on the Company's Consolidated Statements of Operations or its Consolidated Balance Sheets except

~~The FASB recently issued ASU 2015-17 as part of its Simplification Initiative. The amendments eliminate the guidance in Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and noncurrent amounts in a classified balance sheet. Rather, deferred taxes will be presented as noncurrent under the new standard. It takes effect in 2017 for public companies.~~ In July 2017, the FASB issued ASU 2017-11, which simplifies the accounting for certain accounting instruments with down round features. This update changes the classification analysis of certain equity-linked financial instruments such as warrants and embedded conversion features such that a down round feature is disregarded when assessing whether the instrument is indexed to an entity's own stock.

On February 25, 2016, the FASB issued ASU 2016-02, its leasing standard for both lessees and lessors. Under its core principle, a lessee will recognize lease assets and liabilities on the balance sheet for all arrangements with terms longer than 12 months. The new standard takes effect in 2019 for public business entities.

In May 2014, the FASB ~~issued~~ **issued** ASU 2014-09 regarding Revenue From Contract With Customers. The new standard ~~to become~~ **became** effective in January 2018. ~~The company does not believe there will be a material impact~~ **The Company is currently evaluating the impact of this Accounting Standards Update**

Note 10 — ~~Loss on Restaurant Discontinued~~

~~This restaurant was a part of the discontinued operations in 2008 but the decision was made to continue to operate this location until the lease (renewed in 2010) expired. The Company does not expect this expense to recur.~~ **Note 11 — Loss from Discontinued Operations**

The Company made the decision in late 2008 to discontinue the business of operating traditional quick service restaurants. As a result, the Company charged off or dramatically lowered the carrying value of all receivables related to the traditional restaurants and accrued future estimated expenses related to the estimated cost to prosecute a lawsuit related to those discontinued operations. The ongoing right to receive passive income in the form of royalties is not a part of the discontinued segment.

~~The Company reported a net loss on discontinued operations of \$154,000 in 2014. This consisted of \$9,600 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred \$139,600 for legal and other costs related to the operations discontinued in 2008, and wrote off \$4,300 in receivables related to the operations discontinued in 2008.~~

The Company reported a net loss on discontinued operations of \$35,000 in 2015. This consisted of \$4,800 as a final payment on a property that was closed in conjunction with the 1999 discontinued operations. In addition, the Company incurred a loss of \$30,000 for rent and legal fees related to the operations discontinued in 2008.

The Company report a net loss on discontinued operations of \$1.7 million in 2016. During the quarter ended September 30, 2016, the Company made the decision to discontinue the stand-alone take-n-bake concept and devote its efforts to its next generation stand-alone prototype, Noble Roman's Craft Pizza & Pub. As a result of that decision, the Company ~~to charging~~ **charged** off all assets related to those discontinued operations, including \$505,000 after-tax benefit invested in three franchised locations, partially owned by certain officers of the Company which were not involved in the management of the operations, which had been used primarily to support research and development by the Company in those three franchised locations. The Company was using those franchised locations for testing and development in an attempt to improve the stand-alone take-n-bake concept for future franchising before the Company made the decision in the third quarter to discontinue that concept. In addition, \$1.07 million of the after-tax benefit reflected the charge-off of various receivables due from unrelated former franchisees of the stand-alone take-n-bake concept. In addition, \$48,000 of the after-tax benefit reflected the charge-off of various other expenses related to the discontinuation of the stand-alone take-n-bake concept. This resulted in the net loss after-tax benefit resulting from the discontinuation of the stand-alone take-n-bake concept in the aggregate amount of \$1.7 million. The loss on discontinued operations also included a loss of \$39,000, after the tax benefit, for settlement of rent on a former location that was part of the discontinued operations in 2008.

The Company reported a net loss on discontinued operations of \$93,000 in 2017. This consisted primarily of rent and other costs related to a location that was part of the discontinued operations of 2008. There may be a continuing expense on this location through October 2018 for rent and any other costs associated with that property.

Note ~~12~~-11. Contingencies

The Company, from time to time, is or may become involved in various litigation or regulatory proceedings arising out of its normal business operations

Currently, there are no such pending proceedings which the Company considers to be material

Note ~~13~~-12. Certain Relationships and Related Transactions

The following is a summary of transactions to which the Company and certain officers and directors of the Company are a party or have a financial interest. The Board of Directors of the Company has adopted a policy that all transactions between the Company and its officers, directors, principal shareholders and other affiliates must be approved by a majority of the Company's disinterested directors, and be conducted on terms no less favorable to the Company than could be obtained from unaffiliated third parties

In December 2015, the Company borrowed \$100,000 from Paul W. Mobley and \$75,000 from A. Scott Mobley, two officers of the Company, which ~~are~~were evidenced by promissory notes that were originally to mature in January 2017. In January 2016, \$25,000 of the previous borrowing from A. Scott Mobley was repaid. In February 2016, A. Scott Mobley loaned the Company another \$10,000, evidenced by a promissory note. In April 2016, the Company borrowed an additional \$150,000 from Paul W. Mobley, evidenced by a promissory note. Proceeds were used for working capital. In conjunction with the loan from Super G, as described below, Paul W. Mobley subordinated his \$250,000 note and A. Scott Mobley subordinated his \$60,000 note to the Super G loan and agreed to extend the maturity of those notes to June 10, 2018. Interest on the notes ~~are~~were payable at the rate of 10% per annum paid quarterly in arrears and the loans are unsecured. In January 2017, the Company borrowed \$600,000 from Paul W. Mobley at an interest rate of 7% per annum payable quarterly in arrears. The loan ~~matures~~was to mature in March 2018.

These loans were all repaid in conjunction with the refinancing of the Company's debt in September 2017.

Of the ~~3248~~ units sold in the private placement which began in October 2016, three units were purchased by Paul W. Mobley, Executive Chairman, and four units were purchased by Marcel Herbst, Director. Each unit consists of a Note in the principal amount of \$50,000 and a Warrant to purchase 50,000 shares of the Company's common stock. These transactions were all done on the same terms and conditions as all of the independent investors who purchased the other ~~2541~~ units.

The Company executed a franchise agreement for three stand-alone take-n-bake retail outlets during 2012 in which the franchisee was partially owned by certain officers of the Company, however, these individuals were not involved in the management of the franchisee's operations, which had been used primarily to support research and development by the Company in those three franchised locations. The Company was supporting that franchise because it was using those franchised locations for testing and development in an attempt to improve the stand-alone take-n-bake concept for future franchising before the Company made the decision in the third quarter of 2016 to discontinue that concept, resulting in a loss after-tax benefit related to that entity of \$505,000. The Company has no exposure to loss related to this entity in the future. Neither the Company, nor any officers of the Company, have guaranteed any obligations of the franchisee. While the franchisee was determined to be a variable interest entity, as defined by

accounting principles generally accepted in the United States, management determined that the Company had a significant variable interest but did not have the power to direct the activities of the variable interest entity that most significantly impact its economic performance. Therefore, the Company

was not the primary beneficiary of the franchisee, and as such, was not required to present consolidated financial statements with the franchisee

Note 14—13. Unaudited Quarterly Financial Information

<u>2017</u>	<u>Quarter Ended</u>				
	<u>December 31</u>	<u>September 30</u>	<u>June 30</u>	<u>March 31 (1)</u>	
	<u>Total revenue</u>	<u>\$ 2,646</u>	<u>\$ 2,513</u>	<u>\$ 2,466</u>	<u>\$ 2,213</u>
	<u>Operating income</u>	<u>794</u>	<u>761</u>	<u>739</u>	<u>649</u>
<u>Valuation allowance for receivables - including</u>					
	<u>Heyser case</u>	<u>(90)</u>	<u>(350)</u>	<u>=</u>	<u>=</u>
	<u>Change in fair value of derivatives</u>	<u>458</u>	<u>(930)</u>	<u>315</u>	<u>(18)</u>
<u>Net income (loss) before income taxes from</u>					
	<u>continuing operations</u>	<u>909</u>	<u>(1,120)</u>	<u>755</u>	<u>311</u>
	<u>Net income (loss) from continuing operations</u>	<u>(3,017)</u>	<u>(1,047)</u>	<u>581</u>	<u>193</u>
	<u>Loss from discontinued operations</u>	<u>36</u>	<u>(129)</u>	<u>=</u>	<u>=</u>
	<u>Net income (loss)</u>	<u>(2,981)</u>	<u>(1,177)</u>	<u>581</u>	<u>193</u>
<u>Net income (loss) from continuing operations</u>					
<u>per common share</u>					
	<u>Basic</u>	<u>(.14)</u>	<u>(.05)</u>	<u>.03</u>	<u>.01</u>
	<u>Diluted (1)</u>	<u>(.14)</u>	<u>(.05)</u>	<u>.02</u>	<u>.01</u>
<u>Net income (loss) per common share</u>					
	<u>Basic</u>	<u>(.14)</u>	<u>(.06)</u>	<u>.03</u>	<u>.01</u>
<u>Diluted (1)</u>	<u>(.14)</u>	<u>(.06)</u>	<u>.02</u>	<u>.01</u>	

(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have a an anti- dilutive effect.

2016	Quarter Ended			
	December 31 30	September 30	June 30	Mar
Total revenue	\$ 2,095	\$ 2,022	\$ 1,940	\$ 1,779
Operating income	679	856	881	662
Loss on restaurant discontinued				37
Valuation allowance for receivables - including				
— Heyser case		(353)		(751)
<u>Heyser case</u>		<u>(353)</u>		<u>(751)</u>
Change in fair value of derivatives	(44)			
<u>Net income (loss) before income taxes from</u>				
Net income (loss) before income taxes from	(42)702	<u>47</u>	<u>47</u>	<u>570</u>
continuing operations				
Net income (loss) from continuing operations	(26)	434	31	350
Loss from discontinued operations	(234)	(1,426)	-	-
Net income (loss)	(260)	(993)	31	350
Net income from continuing operations				
<u>per common share</u>				
<u>per common share</u>				
Basic	00	02	00	02
Diluted	00	02	00	02
Net income (loss) per common share				
Basic	(.01)	(.05)	00	02
Diluted	(.01)	(.05)	00	02

	Quarter Ended			
	2015	December 31	September 30	June 30
March 31				
Total revenue		\$ 1,888	(in thousand, except per share data)	\$ 1,827
Operating income		634	\$ 1,918	\$ 2,096
Loss on restaurant discontinued		191	725	918
Valuation allowance for receivables, including:			-	-
—Hoyser case		380	250	600
Net income before income taxes from:				-
—continuing operations		15	425	276
Net income from continuing operations:		10	261	170
Loss from discontinued operations		(35)	-	-
Net income (loss)		(25)	261	170
Net income from continuing operations:				380
—per common share—				
Basic		-	.01	.01
Diluted		-	.01	.02
Net income per common share		-	.01	.02
Basic		-	.01	.02
Diluted		-	.01	.02

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
NOBLE ROMAN'S, INC. AND SUBSIDIARIES
Indianapolis, Indiana

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ Somerset CPA's, P.C.

Indianapolis, Indiana
March 27, 2017

EXHIBIT C

**REGISTERED AGENT FOR
SERVICE OF PROCESS**

REGISTERED AGENT FOR SERVICE OF PROCESS

CALIFORNIA

California Corporations Commissioner
320 W 4th Street
Los Angeles, California 90013 2344

EXHIBIT D

STATE ADMINISTRATORS

STATE ADMINISTRATORS

Alabama Office of the Attorney General Alabama State House 11 S Union Street, 3 rd Floor Montgomery, Alabama 36130 (800) 392-5658	Arizona Arizona Corporation Commission Securities Division 1300 West Washington Street, 3 rd Floor Phoenix, Arizona 85007 (602) 542-4242
Arkansas Office of the Attorney General 200 Catlett-Prien Tower 323 Center Street Little Rock, Arkansas 72201 (501) 682-1323	California Commissioner of Business Oversight 320 West 4 th Street Los Angeles, California 90013-2344 (213) 576-7505 or (866) 275-2677
Colorado Colorado Attorney General 1525 Sherman, 5 th Floor Denver, Colorado 80203 (303) 866-4500	Connecticut Connecticut Commissioner of Banking State of Connecticut 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8100
Delaware Commissioner of Agriculture & Consumer Services Carvel State Office Building 820 N French Street Wilmington, Delaware 19801 (302) 577-8400	Florida Commissioner of Agriculture & Consumer Services The Capitol Tallahassee, Florida 32399-0800 (850) 488-3022
Georgia Governor's Office of Consumer Affairs 2 Martin Luther King Jr Drive, Suite 356 Atlanta, Georgia 30334 (404) 651-8600	Idaho Office of the Attorney General 700 W Jefferson Street Boise, Idaho 83720-0010 (208) 334-2400
Illinois Illinois Attorney General 520 South Second Street Springfield, Illinois 62706 (217) 782-2256 or (800) 628-7937 (within Illinois)	Indiana Indiana Securities Division 302 W Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681 or (800) 223-8791
Iowa Securities Bureau Lucas State Office Building, 2 nd Floor Des Moines, Iowa 50319 (515) 281-4441	Kansas Office of the Attorney General Judicial Center 301 S W 10 th Avenue Topeka, Kansas 66612 (785) 296-2215

Kentucky Division of Securities 477 Versailles Road Frankfort, Kentucky 40601 (502) 573-3390	Louisiana Louisiana Attorney General Consumer Protection Section State Capitol, 22 nd Floor Baton Rouge, Louisiana 70804-9005 (504) 342-7013
Maine State of Maine Securities Division 121 State House Station Augusta, Maine 04333-0212 (207) 582-8760	Maryland Office of the Attorney General, Division of Securities 200 St Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
Massachusetts Massachusetts Securities Division One Ashburton Place, 17 th Floor Boston, Massachusetts 02108 (617) 727-3548	Michigan Corporation and Securities Bureau 6546 Mercantile Way P O Box 30222 Lansing, Michigan 48909 (517) 334-6212
Minnesota Department of Commerce, Securities Division 133 E Seventh Street, 2 nd Floor St Paul, Minnesota 55101 (612) 296-2283	Mississippi Mississippi Attorney General P O Box 220 Jackson, Mississippi 38205-0220 (601) 359-4230
Missouri Securities Division Missouri State Information Center 600 W Main Jefferson City, Missouri 65101 (573) 751-4136 or (800) 721-7996	Montana Office of the Attorney General Justice Building 215 N Sanders Helena, Montana 59620 (406) 444-2026
Nebraska Department of Banking & Finance P O Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	Nevada Nevada Attorney General 100 N Carson Street Carson City, Nevada 89701-4717 (775) 687-4170
New Hampshire Office of the Attorney General 33 Capitol Street Concord, New Hampshire 03301-6397 (603) 271-3658	New Jersey Office of the Attorney General Hughes Justice Complex 25 Market Street, P O Box 080 Trenton, New Jersey 08625-0080 (609) 292-8740

New Mexico Office of the Attorney General P O Drawer 1508 Santa Fe, New Mexico 87504-1508 (505) 827-6060	New York Secretary of State 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8236
North Carolina Securities Division Department of the Secretary of State 300 N Salisbury Street Raleigh, North Carolina 27603-5909 (919) 733-3924 or (800) 688-4507	North Dakota North Dakota Securities Commission State Capitol Building, 5 th Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-2910 or (800) 297-5124
Ohio Ohio Securities Commission 77 S High Street, 22 nd Floor Columbus, Ohio 43266-0548 (614) 644-7381 or (800) 788-1194	Oklahoma Oklahoma Department of Securities First National Center 120 N Robinson, Suite 860 Oklahoma City, Oklahoma 73102 (405) 280-7700
Oregon Department of Insurance and Finance 120 Labor & Industries Building Salem, Oregon 97302 (503) 378-4387	Pennsylvania Pennsylvania Securities Commission 1010 N 7 th Street, 2 nd Floor Eastgate Office Building Harrisburgh, Pennsylvania 17102-1410 (717) 787-8061 or (800) 600-0007
Rhode Island Director of Business Regulation John O Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, RI 02920 (401) 222-2246	South Carolina Secretary of State Edgar Brown Building, Suite 525 Box 11350 Columbia, South Carolina 29211 (803) 734-2170
South Dakota Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Tennessee Tennessee Attorney General 425 5 th Avenue North Nashville, Tennessee 37243 (615) 741-3549
Texas State Securities Board 200 E 10 th Street, 5 th Floor P O Box 13167 Austin, Texas 78711-3167 (512) 305-8302	Utah Utah Department of Commerce Division of Consumer Protection 160 E 300 South, Box 146704 Salt Lake City, Utah 84114-6704 (801) 530-6601

Vermont Attorney General's Office 109 State Street Montpelier, Vermont 05609-1001 (802) 828-3171	Virginia State Corporation Commission Division of Securities & Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
Washington Director of Department of Financial Institutions Securities Division 150 Israel Road, S W Tumwater, Washington 98501	West Virginia Office of the Attorney General 1900 Kanawha Blvd , Room 26E Charleston, West Virginia 25305-9924 (304) 558-2021
Wisconsin Division of Securities P O Box 1768 Madison, Wisconsin 53702 (608) 261-9555 or (800) 472-4325	Wyoming Office of the Attorney General 123 Capitol Building Cheyenne, Wyoming 82002 (307) 777-7841
Alaska Attorney General Alaska Department of Law 1031 W Fourth Avenue, Suite 110 Anchorage, Alaska 99501	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813

EXHIBIT E

LIST OF CURRENT FRANCHISEES

~~2016 Current Noble-~~
~~Roman's Franchisees~~

None

EXHIBIT F

LIST OF FORMER FRANCHISEES

~~2016 Former Noble~~
~~Roman's Franchisees~~

None

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 Noble Roman's, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Noble Roman's, Inc. 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 California ~~Corporation~~Corporations Commissioner.

The following persons are authorized to sell franchises in the state of California:

Paul Mobley, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, (317) 634-3377
Troy Branson, One Virginia Avenue, Suite 300, Indianapolis, IN 46204, (317) 634-3377
Michael Lingor, One Virginia Avenue, Suite 300, Indianapolis IN 46204, (317) 634-3377

The issuance date of this Disclosure Document is ~~December 14, 2017~~ April 25, 2018.

Noble Roman's Inc. authorizes the California Corporations Commissioner, 320 W 4th Street, Los Angeles, California 90013-2344, to receive service of process for Noble Roman's, Inc.

I have received a Franchise Disclosure Document dated _____, ~~2017~~ 2018. This Disclosure Document included the following exhibits: (A) Franchise Agreement, (B) Financial Statements, (C) Registered Agent for Service of Process, (D) State Administrators, (E) List of Current Franchisees, and (F) List of Former Franchisees.

Date _____

Recipient _____
Signature

Name Printed _____

This copy of the receipt should be retained by you, the prospective franchisee.

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.

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Noble Roman's, Inc. authorizes the California Corporations Commissioner, 320 W. 4th Street, Los Angeles, California 90013-2344, to receive service of process for Noble Roman's, Inc.

I have received a Franchise Disclosure Document dated ~~June 12, 2017~~ April 25, 2018. This Disclosure Document included the following exhibits: (A) Franchise Agreement, (B) Financial Statements, (C) Registered Agent for Service of Process, (D) State Administrators, (E) List of Current Franchisees, and (F) List of Former Franchisees.

Date _____ Recipient _____
Signature _____
Name Printed _____

This copy of the receipt should be signed and returned to Noble Roman's, Inc., One Virginia Avenue, Suite 300, Indianapolis, Indiana 46204, the prospective franchisor.