FRANCHISE DISCLOSURE DOCUMENT

Penn Station, Inc.
An Ohio Corporation
1226 US Highway 50
Milford, Ohio 45150
(513) 474-5957
www.penn-station.com

The franchisee will own and operate an upscale, prepared to order "East Coast" style cheesesteak and submarine sandwich restaurant business.

The total investment necessary to begin operation of a single Penn Station franchise (excluding the amount of any site reservation fee or territory fee) ranges from $~~383,844~~389,731 to $~~613,764.~~607,026. This includes the $25,000 that must be paid to Penn Station, Inc. For an additional territory fee, we also may elect to offer to you the right to open multiple Penn Station franchises in a specified territory under a mutually agreeable opening schedule. The territory fee is applicable only if you and we agree to enter into a multi-unit development agreement. The territory fee is equal to $3,500 multiplied by the total number of Penn Station franchises we may agree on with you to be opened and is in addition to the total investment range described above for one franchise.

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. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, 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 agencies about them.

Issuance Date: ~~May 15, 2020~~March 26, 2021

SINGLE UNITS

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Penn Station business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Penn Station franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit I.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.

2. **Personal Guarantee.** EACH OWNER OF A PENN STATION FRANCHISE, INCLUDING SPOUSES WHO ARE OWNERS, MUST PERSONALLY GUARANTEE ALL OBLIGATIONS OF THE FRANCHISE AGREEMENT, THEREBY PLACING PERSONAL ASSETS AT RISK.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

DISCLOSURES REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchisee is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of the franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

The Michigan Franchise Investment Law also provides:

A franchisor whose most recent financial statements are unaudited and which show a net worth of less than One Hundred Thousand Dollars ($100,000) shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in the place of escrow.

The escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor that amount of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. This sub-section does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

Franchisees should direct any questions concerning this offering to:

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
P.O. Box 30215
Lansing, Michigan 48909
(517) 373-7117

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

The name of the franchisor is Penn Station, Inc. "Penn Station" or "we", "our" or "us" means Penn Station, Inc., the franchisor; however, when we use "we", "our", and "us" in this disclosure document, it does not include Penn Station's officers, directors or shareholders. Penn Station is an Ohio corporation. We do business under the name "Penn Station~~,~~ East Coast Subs" when we own and operate company-owned, Penn Station Restaurants (as described below). Our principal business address is: 1226 US Highway 50, Milford, Ohio 45150. Our agents for service of process are listed on Exhibit I. Our affiliate, Penn Station Realty Ltd., leases free-standing Penn Station Restaurants to our franchisees. Penn Station Realty Ltd. (referred to in this disclosure document as "PS Realty") is an Ohio limited liability company. PS Realty's principal business address is 1226 US Highway 50, Milford, Ohio 45150. PS Realty's agent for service of process is Jeffrey J. Osterfeld, 1226 US Highway 50, Milford, Ohio 45150. PS Realty is the only affiliate that is required to be disclosed in this disclosure document.

When we use the word "you" in this disclosure document, we are referring to you as a prospective Penn Station franchisee. If you purchase a Penn Station franchise through a corporation or a limited liability company, the word "you" does not include the shareholders or, as applicable, members of that entity unless we have expressly said otherwise in the applicable sentence, paragraph or section of this disclosure document. We grant a franchise and license rights only to the entity ~~(in the case of a corporation or limited liability company) or an individual (in the case of a sole proprietorship)~~ that is the "Franchisee" under our Franchise Agreement.

Description of Penn Station's Business

We are in the business of granting franchises for the operation of Penn Station Restaurants. We offer franchises under the name Penn Station~~,~~ East Coast Subs. We have operated a company-owned unit in the Greater Cincinnati, Ohio area since March, 1996 and in Mentor, Ohio from July, 2000 until November, 2012. We use our company-owned Restaurant, in part, as our training facility. We are not engaged in other business activities.

Description of the Penn Station Franchise

A "Penn Station franchise" is the right to use our system to operate a Penn Station Restaurant under a license of the Penn Station® service mark. A "Penn Station Restaurant" is an upscale, fast casual restaurant featuring "East Coast" style cheesesteaks and submarine sandwiches as its main menu items.

If you operate a Penn Station franchise, you must follow our business system when you set up and operate your Penn Station Restaurant. You will learn our business system through our training and our confidential Operating Manual. We change our system (including our Operating Manual) periodically based on our experiences, our franchisees' experiences, and our on-going analysis of our goods, services, and competitors. When we make changes to our system, you must timely make the required changes to the operation of your Penn Station Restaurant so that our customers receive the same service and dining experience at each of our franchisees' Restaurants. When we use the words "including" or "includes" in this disclosure document, it is used by way of example only and not by way of limitation.

Your Restaurant will serve the general public. Penn Station Restaurants are located at a specific site selected by you and ~~approved~~consented to by us. Existing Penn Station Restaurants are located in strip-shopping centers, business districts and on busy streets located in suburban areas.

If you become a Penn Station franchisee, you will compete with a very large number of local and national restaurants and food establishments, particularly restaurants featuring "fast casual" or "fast food"

dining, many of whom are already well established, as well as several franchise programs which offer restaurants featuring a menu similar to Penn Station's. You should consult ~~the classified telephone directory under~~Internet search engines for "Restaurants" or "Fast Food Dining~~," among other local sources,~~" to find competitors in the area where you might locate your franchise. If your Restaurant is located in a mall, you will compete with other restaurants in the mall.

~~If you operate your Penn Station Franchise as a corporation or a limited liability company, the~~The Franchise Agreement requires that one of your owners (referred to in this disclosure document as the "Managing Owner"), who has been ~~approved~~consented to by us, perform all of the overall management, site selection/construction, marketing, administrative, and financial tasks necessary to operate your business and also be the on-site supervisor and operator of your Restaurant (unless we have ~~approved~~consented to your use of a General Manager for your Restaurant). In addition, we may require you to designate one of your owners, among other things, to perform oversight and supervision of the Managing Owner (referred to in this disclosure document as the "Designated Owner"). The Designated Owner will also be the liaison between us and your company. Please see Item 15 below for more information regarding the Managing Owner, the Designated Owner and the use of General Managers.

Without limiting Penn Station's general and plenary right to consent to or disapprove any sale of any Penn Station franchise to any person or to consent to or disapprove any transfer to any person, Penn Station will not consent to any business entities becoming Penn Station franchisees (including by transfer) if Penn Station has concluded that any of its owners or replacement owners are private equity funds (or similar investment vehicles) or if the ownership includes other, passive investor arrangements that Penn Station deems unacceptable.

Your Penn Station franchise is for one Penn Station Restaurant at a specific location; however, (a) certain qualified~~, existing franchisees~~ persons may apply to us to purchase ~~an additional~~multiple Penn Station ~~franchise~~franchises and (b) we may elect, in our sole judgment, to sell to you, if we determine that you are qualified, rights to open and operate multiple Penn Station franchises pursuant to a multi-unit development agreement (referred to in this disclosure document as the "Multi-Unit Agreement"). A copy of the Multi-Unit Agreement is attached as Exhibit H. The specific number of Penn Station franchises that you can open under the Multi-Unit Agreement, the required schedule to open the Restaurants, and the size of the territory covered by the Multi-Unit Agreement are negotiated by you and us. The territory covered by the Multi-Unit Agreement will be generally based on street boundaries and natural boundaries or a radius around a particular geographic point or points (referred to in this disclosure document as the "Development Territory"). For each Restaurant you open under the Multi-Unit Agreement, you will purchase a separate Penn Station franchise and enter into a separate Unit Franchise Agreement with us (referred to in this disclosure document as the "Franchise Agreement"). A copy of the Franchise Agreement is attached as Exhibit A. You must sign the form of Franchise Agreement that is in effect at the time you open each Restaurant under your Multi-Unit Agreement. The Franchise Agreements you ultimately sign may have different terms and conditions than the copy of the Franchise Agreement attached as Exhibit A because they will be signed at different times under your Multi-Unit Agreement; however, each Franchise Agreement under your Multi-Unit Agreement will contain the same initial franchise fee and continuing monthly royalty fee formula that is in the first Franchise Agreement you sign for the first Restaurant you open in the Development Territory in accordance with the schedule established by your Multi-Unit Agreement. Except for those fees, you must accept the terms of the applicable Franchise Agreement in effect at the time you open each Restaurant. The terms of the most recent version of the Franchise Agreement you sign (whether from opening a new Restaurant or based on the renewal of an existing Penn Station franchise) will govern in the case of any conflict between the terms of any of your older agreements with us and your most recent agreement with us.

For us to consider selling an additional Penn Station franchise to ~~an existing franchisee~~any qualified person, even if ~~the franchisee~~that person has signed a Multi-Unit Agreement with us, the franchisee must, as a preliminary matter, meet our Multi-Unit Guidelines (referred to in this disclosure document as the "Multi-Unit Guidelines"). A copy of the current Multi-Unit Guidelines is attached as Exhibit B. Under no circumstances, however, are we obligated to sell an additional Penn Station franchise to ~~an existing franchisee~~any person, including you if you become a franchisee, even if you meet the Multi-Unit Guidelines; however, for those ~~franchisees~~qualified persons who have a signed Multi-Unit Agreement with us and if ~~the franchisee~~that person meets all of the requirements of the Multi-Unit Agreement to open ~~another~~each Penn Station franchise scheduled under the Multi-Unit Agreement, we will sell ~~the additional~~each scheduled Penn Station franchise to that ~~franchisee~~person in accordance with his or her Multi-Unit Agreement.

Among other things in the Multi-Unit Guidelines, we require, before we sell an additional Penn Station franchise, that the existing franchisee hire a general manager (referred to in this disclosure document as a "General Manager") for the additional Penn Station franchise in accordance with our General Manager Guidelines (referred to in this disclosure document as the "General Manager Guidelines"). A copy of the current General Manager Guidelines is attached as Exhibit C. We reserve the right to make periodic changes to both the Multi-Unit Guidelines and the General Manager Guidelines.

Depending on the number of Penn Station franchises that we elect to sell to an existing franchisee (generally five or more), the existing franchisee must, at our request, enter into a business arrangement with either (a) another person or persons who will assist the Managing Owner in performing all of the overall day-to-day operational, management and supervisory tasks necessary to operate a pre-determined, agreed-on number of your Restaurants (referred to in this disclosure document as the "Operations Director") or (b) another Managing Owner for the additional set of Restaurants we elect to sell you. Please see Item 15 below for more information regarding an Operations Director.

A Penn Station Restaurant is subject to numerous laws and governmental regulations that apply to businesses generally, including health codes, consumer laws, environmental and safety laws, and anti-terrorism laws. Before you purchase a Penn Station franchise, we suggest that you check on the existence of the laws and regulations in your area that may affect your franchised business. It is your responsibility to know and comply with all laws and regulations that will affect your franchise.

Any time we refer to a "Restaurant" in this disclosure document, it means a Penn Station Restaurant.

In March, 2020, the United States began to see significant ~~impacts~~effects from the global pandemic caused by the COVID-19 virus (the "~~2020~~ Covid-19 Pandemic"). The economic impacts of the ~~2020~~ Covid-19 Pandemic have been severe and broad-based. Through April 2020, Penn Station's franchise restaurant operations ~~have been significantly~~were affected ~~by government~~operationally and financially by governmental responses to the ~~2020 Covid-19 Pandemic. Penn Station is presently evaluating the business impacts of the situation. However, there are no comparable recent events that provide guidance as to the effect the spread of the 2020~~Covid-19 Pandemic, which responses varied from state to state. However, we believe that the financial impacts of governmental responses to the Covid-19 Pandemic ~~may have, and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole. Even after COVID-19 has subsided, we may continue to experience adverse impacts to our business~~have been materially mitigated as a result of the availability of third-party delivery services and pickup windows at certain Penn Station Restaurants despite the fact that in-person dining may remain limited or unavailable at certain Restaurants. Until the Covid-19 Pandemic subsides, there is a risk that governments may adopt new or increased restrictions related to limited store hours, dining room capacity or third-party delivery services, which could negatively affect the sales of your

Restaurant. Penn Station will continue to evaluate the business impacts from the regulatory environment until the effects of the COVID-19 Pandemic subside.

Prior Business Experience of Penn Station and its Affiliate

Before our incorporation on January 5, 1987, we were a sole proprietorship operated by Jeffrey J. Osterfeld, our founder and Chief Executive Officer, who began operations in 1985.

We have offered franchises for Penn Station Restaurants since August 1987. From January 1987 until March 1988, we operated three company-owned Penn Station Restaurants. In March 1988, we sold all of our company-owned restaurants, all of which were located in the Greater Cincinnati, Ohio area, to three of our franchisees. In November 1991, we opened a company-owned Penn Station Restaurant in Indianapolis, Indiana. In April 1993, we sold our company-owned, Indianapolis Restaurant to an existing franchisee. Since March 1996, we have operated a company-owned ~~Restaurants~~Restaurant in the Greater Cincinnati, Ohio area and in Mentor, Ohio from July, 2000 to November, 2012. We use our company-owned Restaurant, in part, as our training facility.

Before October 1988, we had not offered franchises in any other line of business. Beginning in October 1988, we began offering franchises to operate restaurants serving primarily chicken-breast fillet sandwiches using the service mark and name Henny O'Rourkes under a similar business plan as a Penn Station franchise. We sold one Henny O'Rourkes franchise. In March 1991, we sold the Henny O'Rourkes mark to our then franchisee and discontinued franchising Henny O'Rourkes restaurants. We do not own or operate any company-owned Henny O'Rourkes restaurants.

We have not in the past and do not now offer franchises in any other line of business. We are not engaged in other business activities unrelated to Penn Station franchises and Penn Station Restaurants. Penn Station does not have a parent or predecessor. PS Realty has never operated a Penn Station Restaurant and has not in the past and does not now offer franchises in any line of business. PS Realty is not engaged in other business activities unrelated to investing in real estate, including leasing of real estate to Penn Station franchisees.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer and Member of the Board of Directors: Jeffrey J. Osterfeld

Mr. Osterfeld opened his first Philadelphia-style cheesesteak and submarine sandwich restaurant as a sole proprietor in Cincinnati, Ohio under the name of "Philadelphia Steak & Sub" in 1985. He has been the Chief Executive Officer and a member of the Board of Directors of Penn Station since its incorporation on January 5, 1987. He is President of P.S. National Fund, Inc., an Ohio nonprofit corporation (the "P.S. National Fund"), which was formed by Penn Station in 2019 to administer the national fund on behalf of all franchisees, and he is a member of the board of P.S. National Fund (known as the Advertising Committee). He graduated from Miami University with a degree in Management.

President and Member of the Board of Directors: Craig N. Dunaway, CPA

Mr. Dunaway has been President of Penn Station since August 16, 1999 and a member of the Board of Directors since September 1, 2001. From January 1, 1993 until August 13, 1999, Mr. Dunaway was a partner at the regional accounting firm of McCauley, Nicolas & Company, LLC in Jeffersonville, Indiana. He is Treasurer and Secretary of P.S. National Fund and a member of the board of P.S. National Fund (known as the Advertising Committee). Mr. Dunaway graduated from Indiana University with a Bachelor of Science in

Accounting. Mr. Dunaway formerly had ownership interests in a Papa John's® franchisee which owned nine stores, and he served as the Secretary/Treasurer for that Papa John's® franchisee. In addition, he had ownership interests in Coastal Cheesesteaks, LLC (headquartered in Raleigh, North Carolina) until June, 2012 and in Louisville Cheesesteaks, LLC (headquartered in Louisville, Kentucky) until January, 2014, both of which are Penn Station franchisees, and he served as Secretary/Treasurer of both entities when he had ownership interests in them. ~~He is Treasurer and Secretary of P.S. National Fund and a member of the board of P.S. National Fund (known as the Advertising Committee).~~

Senior Vice President of Operations: R. Lance Vaught

Mr. Vaught began his career with Penn Station as an intern in January, 2003. Mr. Vaught also held various staff and management positions within Penn Station's company-owned unit. He joined Penn Station full-time as an Area Representative for the Cincinnati, Columbus and Louisville markets in October, 2006. On July 1, 2008, Mr. Vaught became Penn Station's Area Representative Manager, and on February 1, 2011, he was promoted to the position of Director of Operations. On January 1, 2016, Mr. Vaught became Vice President of Operations, and on January 1, 2021, became Senior Vice President of Operations. Mr. Vaught graduated from Northern Kentucky University with a Bachelor of Science in Management.

Vice President of Construction: Kirk W. Durchholz

Mr. Durchholz joined Penn Station on March 11, 1996 as Director of Construction and became Vice President of Construction on January 1, 2008.

~~Director~~ Vice President of Development and ~~Franchising: Gregory P. Goddard~~Strategy: Ammy Harrison

~~Mr~~ Ms. ~~Goddard~~Harrison joined Penn Station on ~~October 1, 2012, and he became Director of Development on November 1, 2013. On January 1, 2016, he became Director~~January 1, 2021 as Vice President of Development and ~~Franchising~~Strategy. Prior to joining Penn Station, ~~he was a Senior Franchise Specialist for Procter & Gamble / Agile Pursuits Franchising, Inc. in Cincinnati, Ohio from February, 2010 to September 21, 2012. Mr. Goddard also served as General Manager of No Wake Marine, Inc. in Cincinnati, Ohio from April, 2004 to May, 2009.~~ Ms. Harrison spent 21 years serving in various franchise development roles with Papa John's®, including most recently as Director of New Business Development from January 2008 until December 2020.

Operations and Training Coordinator: Chris Lucas

Mr. Lucas has been the Operations and Training Coordinator of Penn Station since September 11, 2017. Mr. Lucas currently participates in our process for qualifying franchisee candidates as our qualification specialist. Prior to joining Penn Station, he served in operations for Skyline Chili, LLC from January 1, 2014 to September 1, 2017.

Treasurer and Member of the Board of Directors: Sheri S. Osterfeld

Ms. Osterfeld has been Treasurer of Penn Station since January 5, 1987 and a member of the Board of Directors since September 1, 2001.

Secretary and Director of Administration: Cynthia D. Stenger

Ms. Stenger has been employed by Penn Station in various administrative capacities since May 1, 1994. Since January 1, 2002, Ms. Stenger has served as Secretary of Penn Station and since January 1, 2010, she has served as Director of Administration.

ITEM 3. LITIGATION

~~**Litigation Against Franchisees in the Last Fiscal Year**~~
~~During fiscal year 2019, Penn Station initiated one lawsuit against franchisees as follows:~~

~~**Suits to Enforce Franchise Contracts:**~~

~~*Penn Station, Inc. v. PS Kansas City, LLC, et al.*, Case No. A1902993 (Hamilton County, Ohio, Court of Common Pleas) (June 19, 2019)~~ ~~Other than this action, no~~No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

To purchase a Penn Station franchise, you must pay to us an initial franchise fee of $25,000 when you sign the Franchise Agreement. This initial fee is being charged to persons who become franchisees after April 1, 2006.

In addition, certain franchisees ("Full Term Franchisees") will be charged $2,500 as an initial franchisee fee in cases where the Franchise Agreement has been in effect for the full term of 20 years (*i.e.*, an initial term of five years and three, five-year renewal terms), and the Full Term Franchisee is purchasing a new Penn Station franchise for the same Restaurant location under a new Franchise Agreement for an additional term of 20 years (*i.e.*, assuming all three of the 5 year renewal terms were made after the initial term of five years).

The initial franchise fee is non-refundable unless either we or you have terminated your Franchise Agreement because you are unable, through no fault of your own, to lease the site designated in your Franchise Agreement for your Restaurant. You have 60 days (from the date required by your Franchise Agreement to have leased the applicable site) in which to notify us whether you are electing to terminate your Franchise Agreement. Under that circumstance, we will refund to you ~~80~~50% of the initial franchise fee paid by you within 30 days after the termination of your Franchise Agreement. Under no other circumstances is any part of the initial franchise fee refundable.

To purchase the multi-unit rights granted under the Multi-Unit Agreement, you must pay to us an initial fee (referred to in this disclosure document as the "Territory Fee"). The Territory Fee is equal to $3,500 multiplied by the total number of Penn Station franchises we negotiate with you to be opened under your Multi-Unit Agreement for the Development Territory (including your first Restaurant). You must pay to us the total Territory Fee when you sign the Multi-Unit Agreement. The Territory Fee is non-refundable and is not applied towards any initial franchise fee. The Territory Fee is not applicable unless you sign a Multi-Unit Agreement. ~~In connection with certain sales of Underperforming Restaurants (as described in Item 6), we have waived Territory Fees due from the selling franchisee of the Underperforming Restaurant to facilitate the sale of the Underperforming Restaurant to another franchisee.~~

After we qualify you as a franchisee, if you wish to reserve an area in which to look for the exact location of your proposed Restaurant and to receive site assistance from us to locate your proposed Restaurant, you can request that we enter into a Territory Reservation Letter agreement with you. A copy of the Territory Reservation Letter is attached as Exhibit L to this disclosure document (the "Territory Reservation Letter").

There is no requirement that you enter into a Territory Reservation Letter unless you desire to reserve an area in which to look for the exact location of your proposed Restaurant and to receive site assistance from us to locate your proposed Restaurant. Under the terms of the Territory Reservation Letter, you must select a site that is ~~approved~~consented to by us and located within the area reserved by the Territory Reservation Letter, secure financing for that site and then enter into a Franchise Agreement, all within the deadline established in the Territory Reservation letter. If we enter into a Territory Reservation Letter, you must pay to us a fee of $5,000 (a "Site Reservation Fee") to reserve the area in which you wish to locate your proposed Restaurant. The Site Reservation Fee is not applicable unless you sign a Territory Reservation Letter. This Site Reservation Fee is being charged to persons who are qualified franchisees, who are not parties to a Multi-Unit Agreement and who expressed an interest in opening a new Restaurant after March 15, 2011. This Site Reservation Fee is non-refundable but will be applied toward your initial franchise fee described above if you sign a Franchise Agreement for ~~an approved~~a site, consented to by us, within the identified area that is the subject of the Territory Reservation Letter. See Item 11 below for a description of the location selection process.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty*	Royalty fee percentage applied on a per Restaurant basis and varies depending on the level of monthly net sales (as defined below) for each Restaurant: 2% on net sales ≤ $30,000 unless the net sales are within the applicable 5 year period (see below) in which case zero percent (0%) for that month; 3% on net sales > $30,000 but ≤ $35,000; 4% on net sales > $35,000 but ≤ $40,000; 5% on net sales > $40,000 but ≤ $45,000; 6% on net sales > $45,000 but ≤ $50,000; 7% on net sales > $50,000 but ≤ $55,000; and 8% on net sales > $55,000 (the "Current Royalty Rates").	Payable monthly by the 10th day of each month for previous month's sales. For franchisees that purchase an Underperforming Restaurant (as defined below), the royalty fee may be abated for up to 365 days, as described in Note 1 below.	See Note 1

Type of Fee	Amount	Due Date	Remarks
Local Advertising*	Up to 2% of total net sales per each calendar year exclusive of the cost of in-store displays, gift card (or gift certificates), loyalty and electronic media programs, grand-opening expenditures, and promotional and coupon programs we develop.	Payable as incurred.	See Note 2
Cooperative	Established by franchisees and	Established by franchisees.	See Note 3

Type of Fee	Amount	Due Date	Remarks
Advertising*	~~approved~~consented to by us. The amount spent on cooperative advertising counts toward your local advertising obligation.		
National Fund*	Currently 2% of monthly net sales and upon notice, may be increased to up to 3% of monthly net sales (the "Current National Fund Fee") except for certain existing franchisees who are grandfathered at 1% of monthly net sales for the term of their ~~agreements~~Franchise Agreements.	Payable monthly by the 10th day of each month for previous month's sales.	See Note 4
Additional Training*	$300 daily ~~with a cap of $4,500 per person~~. Current per diem fee to verify training and in selected situations.	~~21 days after training begins~~Payable by the 10th day of the calendar month immediately following the calendar month in which training was finished.	See Note 5
Renewal*	$1,000 for each renewal.	Before expiration of initial term or then current renewal term.	See Note 6
Transfer*	~~$2,500~~Varies from $2,500 to $10,000 depending upon number of stores sold; or, as applicable, $~~500~~1,000.	Before transfer is effective.	See Note 7
Relocation Fee*	$2,500	Before the under construction date for the relocation site.	See Note 7
Late Fee*	$75 plus if payment is late by more than 10 days, interest at the prime rate + 3% per annum on overdue amounts.	When payment or sales data is overdue. Also due when operating income statement is late.	See Note 8
Indemnification*	Will vary.	As Incurred	See Note 9
Costs and Attorneys' Fees*	Will vary.	As Incurred	See Note 10
Audit*	Cost of audit, plus late payment fee.	Immediately on billing by us.	See Note 11
Failing to Attend Any	Up to $2,500 per person for each	Immediately on billing by us.	See Note 12

Type of Fee	Amount	Due Date	Remarks
Required Annual Meeting*	missed meeting (or any portion of a meeting missed).		
Use of Non-designatedauthorized Architect*	Up to $1,5001,500.	Upon commencement of architectural design process	See Note 13
Loyalty Program*	Will vary; currently, $60 per month if there are less than 1,500 loyalty customers on average per Restaurant and $90 per month if there are 1,500 loyalty customers or more on average per Restaurant.	Payable monthly	See Note 2
Electronic Media Programs*	Will vary; currently, $100 per month, which is currently being paid for you out of the national fund.	Payable monthly	See Note 14
Point of Sale System Maintenance Fees*	Will vary; currently, $75 per month for the North Key point-of-sale system, and for the SonicWALL Router (i) $495 per year and (ii) $462.54 every year for a gateway security suite of products.	Payable monthly and annually	See Note 15
Grand Opening Advertising*	Up to $10,000 10,000.	Payable within the first 180 days of your Restaurant opening	See Note 16
Web Ordering System*	Will vary; currently, $59$50 per month per Restaurant, and $0.10 per transaction via the Web Ordering System.	Payable monthly	See Note 17
Third-Party Delivery Service*	Will vary; currently, a 10% platform fee and a 10% delivery fee (a total of 20%) based, in each case, on the total cost of the individual customer order.	Payable with each transaction; settlement with the third-party delivery service varies.	See Note 18
Point-of-Sale Integration with Third-Party Delivery	Currently, $85 per month per Restaurant.	Payable monthly.	See Note 18

Type of Fee	Amount	Due Date	Remarks
Service			
Mandated Suppliers*	See Note 4 regarding Supplier Funds and Items 8 and 9 of this disclosure document.		

* All fees and payments are not refundable. For amounts required to be paid to PS Realty with regard to leasing free-standing Restaurants, see Item 10 of this disclosure document. ~~In 2019,~~ Penn Station ~~began to collect~~collects certain fees and payments owing to Penn Station or P.S. National Fund by electronic debit (*e.g.,* automated clearinghouse transactions). *See* Exhibit M and Section 3.2 of the Franchise ~~Agreements~~Agreement.

Note 1: Royalty

"Net sales" includes all revenues and income from your ownership or operation of your Penn Station Restaurant. "Net sales" excludes required sales tax payments and refunds to your customers for purchases made at your Penn Station Restaurant. "Net sales" includes compensation you receive for any interruption in the operations of your Penn Station Restaurant (to be based on the gross sales amount used by the insurance company or other responsible party before any reduction for expenses). Except as noted below, we uniformly impose this fee and it is payable to us. All Franchise Agreements opened under a Multi-Unit Agreement will contain the same monthly royalty fee formula that is in the first Franchise Agreement you sign for the first Restaurant you open in the Development Territory in accordance with the schedule established by your Multi-Unit Agreement.

The table below describes the variations among our franchisees with respect to the monthly royalty rates charged by us:

Category of Franchisee/Franchise Purchase Circumstances	Change
1. Penn Station franchise purchased **after** 03/17/2017	For the first five years after opening (determined by us), if Net sales are ≤ $30,000, then the monthly royalty rate is 0.0%. After the first five years after opening (determined by us), if Net sales are ≤ $30,000, then the monthly royalty rate is 2%.
2. Area Development Agreement in effect on 04/01/2002	Maximum monthly royalty rate is 6% for each Penn Station franchise purchased until those Franchise Agreements expire.
3. Penn Station franchise purchased **before** 03/17/2017 (each, a "Pre-Royalty Change Existing Franchisee")	Monthly royalty rates as follows: 4% on Net sales ≤ $20,000; 4.5% on Net sales > $20,000 but ≤ $25,000; 5% on Net sales > $25,000 but ≤ $30,000; 5.5% on Net sales > $30,000 but ≤ $35,000; 6% on Net sales > $35,000 but ≤ $40,000; 6.5% on Net sales > $40,000 but ≤ $45,000; 7% on Net sales > $45,000 but ≤ $50,000; 7.5% on Net sales > $50,000 but ≤ $55,000; and 8% on Net sales > $55,000.
4. Pre-Royalty Change Existing Franchisee who signed a Pre-Royalty Change Existing Franchisee Amendment before 08/01/2017	Monthly royalty rates are the Current Royalty Rates shown in the initial table above in this Item 6 because the Pre-Royalty Change Existing Franchisee: (i) agreed to increase the monthly national fund fee to 3% of Net sales and (ii) entered into an amendment to each of its applicable Franchise Agreements to reflect the agreed-on changes, including providing a general release of all claims against Penn Station and its affiliates, and

Category of Franchisee/Franchise Purchase Circumstances	Change
	their respective owners, officers, directors, members, employees, and agents (a "Pre-Royalty Change Existing Franchisee Amendment").

	Category of Franchisee/Franchise Purchase Circumstances	Change
5.	New Penn Station franchise purchased (a "New Restaurant") in a Designated New Market 01/01/2017 to 12/31/2019	For the first 365 days after opening (determined by us), no monthly royalty fee. This one-year abatement period runs concurrent with the first year of the five-year period above in Number 1 in this table. A "Designated New Market" is a geographic market that is designated by Penn Station in its sole discretion and which is contained on a list of "Designated New Markets" maintained at Penn Station's office. Penn Station may add or subtract geographic markets from the list of Designated New Markets at any time and for any reason.
6.	Penn Station franchisee purchase of an Underperforming Restaurant as a going concern after 12/31/2016	For the first 365 days after opening (determined by us), no monthly royalty fee. This one-year abatement period runs concurrent with the first year of the five-year period above in Number 1 in this table. An "Underperforming Restaurant" is a Penn Station Restaurant that is, in Penn Station's sole judgment, underperforming economically. In connection with certain sales of Underperforming Restaurants, we have waived a certain amount of royalty fees due from the selling franchisee of the Underperforming Restaurant to facilitate the sale of the Underperforming Restaurant to another franchisee.

Except as described above, the Current Royalty Rates are uniformly imposed.

Because of the ~~2020~~ Covid-19 Pandemic, we ~~have~~ deferred, and subsequently collected, in 2020, and may in other instances defer, the payment of certain monthly royalty payments to us.

Note 2: Advertising

Local Advertising

We expect that you will undertake approved advertising and marketing directed specifically to your Restaurant ("Local Advertising") without prompting from us. We have the right in your Franchise Agreement, however, to require you on 30 days advance notice to begin undertaking Local Advertising. Local Advertising expenditures are paid to third party providers. You will not be required by us to make expenditures for Local Advertising which exceed, in total, during any calendar year more than 2% of your total Net sales from each of your Restaurants. Amounts you must spend (i) under any shopping mall lease for a common advertising fund for the mall (exclusive of association dues), (ii) pursuant to your membership in any advertising cooperative (see

Note 3 below), and (iii) under any advertising or marketing program mandated by Penn Station with any third-party delivery service from time to time (if any) (see Note 18 below), in each case, will be counted against that 2% amount. Amounts you must spend for in-store displays and in-store advertising (including quality statements, photographs of products, plaques, signs, banners, posters, the comment card, menu, and brochure box) are not included in that 2% amount. Similarly, amounts you must spend for other local or regional promotional programs we implement from time to time~~,~~; Grand Opening Advertising (see Note 16 below)~~,~~; gift card (or gift certificate) and coupon programs developed by us (see below in this Note 2)~~, pursuant to the~~; a Loyalty Program that is implemented by us (see below in this Note 2)~~, pursuant to~~; our Penn Station Electronic Media Program(s) (see Note 14 below)~~,~~; and ~~for~~ national advertising discussed below in Note 4 are not included in that 2% amount. We also specify in our Operating Manual certain types of costs that do not count against the 2% amount.

Penn Station Promotional Programs

In addition to Local Advertising for each of your Restaurants discussed above, you must participate, at your expense, in promotional, gift card (or gift certificate) and coupon programs developed by us periodically. We currently have a gift card program which is mandatory for, and uniformly imposed on, franchisees. Franchisees currently order gift cards directly from third party vendors. Currently, gift card administrative costs are paid for out of the national fund. When a customer purchases a gift card at a Restaurant, the sale proceeds are withdrawn by the gift card vendor from the bank account of the franchisee who sold the card and then transferred electronically to a bank account maintained by P.S. National Fund. If a gift card is redeemed at a Restaurant, the gift card vendor will cause the applicable funds to be withdrawn from the bank account where they are on deposit and then electronically transferred to the bank account of the franchisee which had the gift card redeemed at his Restaurant. It is P.S. National Fund's current intent that any funds attributable to gift cards that P.S. National Fund determines, in its sole determination, to be unredeemed will be deposited into the national fund.

Loyalty Program

~~We have a loyalty program~~Although we do not have one as of the date of this disclosure document, we have implemented customer loyalty programs from time to time, which ~~is~~, if implemented, are mandatory for, and uniformly imposed on, franchisees (~~the~~ "Loyalty Program"). ~~The~~Any fees paid by you (and not by the national fund) ~~to the vendor of the Loyalty Program for the~~for a Loyalty Program~~, currently, Bridg, Inc.,~~ are not counted against the 2% of total Net sales that must be spent on Local Advertising. ~~The fees paid by you to the vendor of the Loyalty Program are applied on a per Restaurant basis and will vary depending on the average level of customer participation on a system-wide basis; currently, the fees are $60 per month if there are less than 1,500 loyalty customers on average per Restaurant per month and $90 per month if there are 1,500 loyalty customers or more on average per Restaurant per month. The fees paid by you to the vendor of the Loyalty Program are payable monthly. For 2020, we may continue to use funds from the national fund to pay for the monthly platform and certain other administrative and support fees charged by the vendor of the Loyalty Program.~~We may implement a new Loyalty Program in 2021.

Electronic Media/Email Marketing Program

We require you to participate in any existing or future Penn Station Electronic Media Program. Please see Note 14 below.

Note 3: Cooperative Advertising

If your Penn Station Restaurant is located within an area in which there is or is formed an advertising cooperative, then you must participate in the advertising cooperative established for that area and pay your required contribution directly to the cooperative. See Item 11 below for more details regarding advertising cooperatives. Cooperative advertising contributions that you make in accordance with advertising cooperative rules count toward the 2% Local Advertising obligation referenced above in Note 2.

Currently, there are three advertising cooperatives, one for each of the following areas: Greater Cincinnati, Ohio; Greater St. Louis, Missouri – western Illinois; and Greater Indianapolis, Indiana. The current rules of the Cincinnati cooperative require that each cooperative member pay 1.0% of the member's monthly Net sales to the cooperative's advertising fund, the St. Louis cooperative's current rules require a payment of 2.0% of Net sales, and the Indianapolis cooperative currently requires each member pay 2.50% of Net sales, which fees are uniformly imposed. There are also three informal, voluntary advertising cooperatives, one for the Greater Dayton, Ohio area, one for the Greater Louisville, Kentucky area and one for the Ft. Wayne, Indiana area. These cooperatives do not operate pursuant to any written rules; however, each of the Dayton and Ft. Wayne members has agreed to contribute 1.0% and 2.0%, respectively, of the member's monthly Net sales to the cooperative's advertising fund, and each of the Louisville members has agreed to contribute money to pay expenses as they are incurred. We have the right to ~~approve~~consent to or disapprove the amount of the fee set by the cooperatives.

We will, if we own any company-owned Restaurants in your geographic area, be a member of the cooperative to the same extent as you. As of the date of this disclosure document, all advertising cooperatives operate on the basis of one vote for each Penn Station franchise included within the cooperative. We do not have controlling voting power in any advertising cooperative.

Note 4: National Fund

The national fund fees are used for system advertising, marketing, public relations and promotional programs and materials and any other activities (national, regional and local) which we and P.S. National Fund, our delegate (as described below), believe will enhance the image of the Penn Station system (*See* Section 9.4 of the Franchise Agreement). You must pay to ~~us~~P.S. National Fund the national fund fee on the same date as the monthly royalty payment. ~~We currently remit the national fund fees collected by us to P.S. National Fund on a monthly basis.~~

In December, 2019, P.S. National Fund was formed to administer the national fund (and the gift card program) on behalf of all franchisees pursuant to a delegation by us of certain of the duties pertaining to the national fund (and the gift card program) under the Franchise Agreements. We have the right to withdraw the delegation of any or all of the duties pertaining to the national fund (and the gift card program) under the Franchise Agreements.

We currently fund the national fund, in part, with monies we receive periodically from suppliers of products and services to Penn Station Restaurants, arising from being chosen by Penn Station to be an ~~approved~~authorized supplier to Penn Station's franchisees and system ("Supplier Funds"). We are under no obligation to contribute the Supplier Funds to the national fund. You assign to us under the Franchise Agreement any rights you may have in the Supplier Funds.

The 3% national fund fee under the Franchise Agreement is based on each franchisee's monthly Net sales from the Penn Station Restaurant franchised under that Franchise Agreement. ~~We are~~P.S. National Fund is currently collecting~~, for transfer to P.S. National Fund, and then remitting to P.S. National Fund,~~ 2% of Net sales as the national fund fee on the date of this disclosure document for all franchisees other than those franchisees described in the table below. We reserve the right, however, to give notice to you to begin paying

the full 3% national fund fee described in this Note 4 if we deem the total funds collected from suppliers and franchisees insufficient to support the national fund being administrated by P.S. National Fund or to support its objectives and you are operating under a Franchise Agreement providing for a 3% national fund fee.

If we are permitted by the terms of a Franchise Agreement to increase the national fund fee, we will not, however, increase above 2% of Net sales the percentage a franchisee is required to pay into the national fund prior to January 1, 2021, but, for the avoidance of doubt, we may, in our discretion from time to time on and after January 1, 2021, increase the percentage above 2% (but not in excess of 3%) of each franchisee's monthly Net sales from each Restaurant franchised to it. If we should begin requiring direct payment from our franchisees of any additional portion of the national fund fee in their Franchise Agreement above the current national fund fee being charged by us, if we are permitted to do so by the terms of the applicable Franchise Agreement, we will give you 30-days advance notice.

We have from time to time in the past temporarily suspended collecting the national fund fee (or a portion of it) from franchisees.

The table below describes the variations among our franchisees with respect to the national fund rates charged by us:

Category of Franchisee/Franchise Purchase Circumstances	Change
1. Franchise Agreement in effect **on** 04/01/2016 (a "Pre-National Fund Percentage Change Franchise Agreement"), and the franchisee is **not** a party to a Pre-Royalty Change Existing Franchisee Amendment	Maximum national fund fee is up to 1% of each franchisee's monthly Net sales for a Penn Station franchise purchased until those Franchise Agreements expire.
2. Franchisee signed a Pre-Royalty Change Existing Franchisee Amendment	Maximum national fund fee is up to 3% of each franchisee's monthly Net sales for each Penn Station franchise purchased until those Franchise Agreements expire.
3. Franchise Agreement first in effect **after** 04/01/2016	Maximum national fund fee is up to 3% of each franchisee's monthly Net sales for each Penn Station franchise purchased until those Franchise Agreements expire.
4. Franchise Agreement first in effect **after** 04/01/2016 for two franchisees who are not a party to a Pre-Royalty Change Existing Franchisee Amendment ~~(the "Temporarily Frozen National Fund Franchisees")~~	Maximum national fund fee is up to 1% of each franchisee's monthly Net sales for a Penn Station franchise purchased until on or after January 1, 2021 at Penn Station's election.

Except as described above, the national fund fees are uniformly imposed.

Because of the ~~2020~~ Covid-19 Pandemic, we ~~have~~ waived~~,~~ in 2020, and may in other instances waive or defer, the payment of certain of the national fund fees to us.

Note 5: Additional Training Fee

If, after the date of your Franchise Agreement, a new person, with our consent, becomes or replaces (i) your Managing Owner or ~~Operations Director or (ii) your General Manager (if you own only one Penn Station Restaurant at the time)~~(ii) your Designated Owner, then you must pay directly to us our training fee in effect at the time of the training, which fee is uniformly imposed by us. The fee is $300 per day~~ with a cap of $4,500~~ as of the date of this disclosure document; however, we may charge a lower training fee if we believe that the training needed under the circumstances is less than normally required because of previous experience in another Penn Station Restaurant. In addition, if, after the date of your Franchise Agreement, a new~~ person or~~ entity becomes, with our consent, the new "franchisee" based on a transfer of your Penn Station franchise, then the new franchisee must pay our training fee ~~with regard to a new individual (sole proprietor) and, as applicable, for any new~~for any required training of the Managing Owner~~, Operations Director, and General Manager.~~ and the Designated Owner of that new franchisee.

If you own multiple Restaurants (*i.e.,* regardless of whether pursuant to a Multi-Unit Agreement, Area Development Agreement or an accumulation of single units over time), then ~~you~~your Managing Owner (or with our permission the Operations Director) must train any General Manager~~ after your first General Manager for your first Restaurant~~ unless we direct you otherwise. We will verify the adequacy of your training of each General Manager. We do not charge to verify the training you provide to the General Manager of each new Restaurant you open of which the General Manager will be the on-site operator. In the situation involving a replacement General Manager, you will pay a fee to us equal to the per day training fee rate in effect at the time of the General Manager's training for us to verify the adequacy of your training of the replacement General Manager, which fee is uniformly imposed by us. The per day rate is $300~~ with a cap of $4,500, in each instance,~~ as of the date of this disclosure document. The total fee will be based on the number of days we spend verifying the General Manager's training. If we determine, as part of our verification process, that the General Manager you trained needs additional training, we may require you, at your cost, to send the General Manager to a Restaurant selected by us for additional training. You must pay to us our per diem fee for each day that the General Manager receives that additional training. If you do not complete your required training of a General Manager within 30 days after hiring the General Manager, we reserve the right to train the General Manager and charge you the then current training fee for that training.

In addition, if, after the date of your Franchise Agreement, a new person, with our consent, becomes or replaces your Operations Director (unless the applicable Operations Director has previously completed training as a General Manager), then you must pay a fee to us equal to the per day training fee rate in effect at the time of the Operations Director's training for us to verify the adequacy of your training of the replacement Operations Director, which fee is uniformly imposed by us. The per day rate is $300 as of the date of this disclosure document. The total fee will be based on the number of days we spend verifying the Operations Director's training. If we determine, as part of our verification process, that the Operations Director you trained needs additional training, we may require you, at your cost, to send the Operations Director to a Restaurant selected by us for additional training. You must pay to us our per diem fee for each day that the Operations Director receives that additional training. If you do not complete your required training of a Operations Director within 30 days after hiring the Operations Director, we reserve the right to train the Operations Director and charge you the then current training fee for that training.

In addition, we charge a per diem training fee (currently $300~~ with a current maximum cap of $4,500~~) in special circumstances in which we are not required to provide training but do so because the franchisee has requested it, and we consider the training necessary under the circumstances. We provide that training on an *ad hoc* basis, and it is subject to availability.

Note 6: Renewal Fee

We charge the renewal fee to cover, in part, our cost (including legal expenses) associated with a renewal. Except as described in the following sentence, we uniformly impose this fee, and it is payable to us. Existing franchisees, who purchased Penn Station franchises under (i) an Area Development Agreement in effect on April 1, 2002 or (ii) a Multi-Unit Agreement where the first Restaurant was opened under that Multi-Unit Agreement before April 1, 2002, will not be charged the renewal fee for the Penn Station franchises purchased under those agreements until each of those Franchise Agreements has been in effect for the full term of 20 years (*i.e.,* an initial term of five years and three, five-year renewal terms).

Note 7: Transfer Fee; Relocation Fee

Transfer:

(i) You must pay to us a transfer fee ~~of $2,500~~ to cover, in part, our cost (including legal expenses) associated with a transfer if we ~~approve~~consent to any of the following transfers:

(a) You ~~(whether a sole proprietorship, corporation, or limited liability company)~~ transfer your Penn Station franchise or the assets of your Restaurant to any ~~person or entity (except when the transfer results only from the incorporation of your existing business if you are a sole proprietorship)~~entity (Franchise Agreement, Section 12.4);

(b) ~~If you are a corporation or a limited liability company, you~~You sell or make another transfer of all or substantially all of your properties (including your Restaurant) to a buyer who proposes to continue your Penn Station Restaurant business as a successor franchisee, including your obligations under the Franchise Agreement (Franchise Agreement, Section 12.4); or

(c) All of your owners sell all of their ownership interests in your corporation or limited liability company to a buyer who proposes to continue your business, including your obligations under the Franchise Agreement (Franchise Agreement, Section 12.4). An "ownership interest" is stock or other ownership rights or interests if your business entity is a corporation or membership interests or other ownership rights or interests if your business entity is a limited liability company~~; or~~.

The transfer fee will depend on the number of Restaurants transferred to each buyer. If, however, the transfer involves multiple buyers with common ownership, as determined by us, those buyers will be considered the same, single buyer for purposes of the table below:

Number of Restaurants Transferred to Each Buyer	Transfer Fee
1	$2,500
2-5	$5,000
6-9	$7,500
10 or more	$10,000

For franchisees for whom all of its Franchise Agreements are in effect on March 26, 2021, the total transfer fee for the above transfers is $2,500 regardless of the number of Restaurants transferred in the requested transfer.

(~~d~~) ~~If~~ii) You must pay to us a $2,500 transfer fee to cover, in part, our cost (including legal expenses) associated with a transfer if we consent to the following transfer: if, after the date of your Franchise Agreement, someone becomes one of your owners. (Franchise Agreement, Section 12.5). An "owner" is a

shareholder or other ownership interest holder if your business entity is a corporation and a member or other ownership interest holder if your business is a limited liability company.

(~~ii~~iii) You must pay to us a transfer fee of $~~500~~1,000 if we ~~approve~~consent to the following transfer: one of your existing owners transfers any of his ownership interests to another of your existing owners or you sell or issue additional ownership interests to one of your existing owners~~.~~ (Franchise Agreement, Section 12.6). For franchisees for whom all of its Franchise Agreements are in effect on March 26, 2021, the transfer fee for this transfer under clause (iii) is $500.

~~We~~Except as described above, we uniformly impose the above transfer fees upon franchisees who operate a Penn Station Restaurant pursuant to a single unit franchise agreement, and they are payable to us.

Relocation:

If we ~~approve~~consent to the relocation of your Restaurant pursuant to the terms and conditions of your Franchise Agreement, you must pay to us a relocation fee equal to $2,500, which fee is uniformly imposed by us. The relocation of your Restaurant involves much of the same assistance required of us to open a new Restaurant. Accordingly, the fee covers, in part, our cost (including legal expenses) to provide site selection, leasing and construction related assistance, general assistance in the re-opening of your Restaurant, and on-site assistance for a period of approximately two ~~or three~~to four days before the opening of, and during a portion of the first week of operations of, your Restaurant at the relocation site. See Item 12 of this disclosure document.

Note 8: Late Fee

The "prime rate" that we use to determine interest you would owe on any late payment is the prime rate of Fifth Third Bank, National Association, Cincinnati, Ohio (or any successor bank). Fifth Third's prime rate changes periodically so that the amount of interest that accrues on the late payment will change depending on Fifth Third's prime rate on any given day. The amount of interest charged will not exceed the maximum amount allowed under state law. In addition to any late fee and interest, you must pay to us any expenses we incur to collect the late payment from you. The late payment fee of $75 and any interest is paid to us and is uniformly imposed by us unless we elect to waive it under circumstances we find acceptable. We also charge a late fee if you do not turn in to us the required sales data that is to accompany the applicable payment or deliver to us the operating income statement by the date required in the Franchise Agreement.

Note 9: Indemnification

You have to reimburse us if we are sued or claims are brought by or against us because of something you did or omitted to do.

Note 10: Costs and Attorneys' Fees

You have to pay these sums to us if you breach any of your agreements with us, which sums are uniformly imposed by us.

Note 11: Audit Fee

In your Franchise Agreement, we reserve the right to audit your books, records and tax returns. The audit is at our expense; however, if you have understated your Net sales by more than 2% for any periods covered by the audit, you must immediately reimburse us (in addition to all of our other rights and remedies) for

all of the costs we incur to perform the audit plus the overdue payment and late charges, which sums are uniformly imposed by us.

Note 12: Absence Fee

We have required annual meetings that ~~you (if you are a sole proprietor) or, as applicable, your Designated Owner,~~the Managing Owner~~, Operations Director and each General Manager~~ must attend. If any of those meetings is missed (or any portion of any meeting is missed), then you must pay a fee up to $2,500 for each meeting (or portion of a meeting) that is missed~~ by each person~~ unless you have requested, and we have granted, permission to miss the applicable meeting (or portion of a meeting). We will give you 30 days advance notice of an annual meeting date or dates. We uniformly impose this fee but reserve the right to apply it differently depending on the circumstances, and it is payable to us.

Note 13: Architectural Fee

If you use an architect, other than an architect designated by us as a pre-~~approved~~authorized architect, we reserve the right to require you to have your architectural plans be reviewed by one of our designated, pre-~~approved~~authorized architects. This fee, although uniformly imposed by us, is paid to our designated, pre-~~approved~~authorized architect for that review process. This fee will vary depending on what level of service one of our pre-~~approved~~authorized architects must provide to complete the review process and the production of acceptable plans.

Note 14: Electronic Media Marketing

We reserve the right in the Franchise Agreement to establish Electronic Media Sites (as defined in Item 8 below) or other forms of e-commerce for advertising, marketing and promotion of one or more Penn Station Restaurants from time to time ("Penn Station Electronic Media Programs"). As of the date of this disclosure document, we have implemented a Penn Station Electronic Media Program. We have selected Mobile Exposure, Inc. ("Mobile Exposure") as our vendor to provide the Penn Station Electronic Media Program. Each official advertising cooperative (or individual franchisees if an advertising cooperative has not been formed) will enter into guest-based marketing agreements with Mobile Exposure pursuant to which individual franchisees or individual advertising cooperatives (see Note 3 above) will purchase services under the Penn Station Electronic Media Program from Mobile Exposure. Currently, the national fund pays 100% of the monthly fees of Mobile Exposure (see Note 4 above and Item 11 under "Advertising Programs"). If P.S. National Fund elects to discontinue having the national fund pay the monthly fees of Mobile Exposure, in whole or in part, P.S. National Fund will give you at least 30 days advance notice. You will then begin paying the then current monthly fees of Mobile Exposure (or any replacement service provider) or that portion not paid for by the national fund. This requirement will be uniformly imposed by us. The amount of monthly fees paid to Mobile Exposure varies depending on the level of service selected by us. Currently, the cost per Penn Station Restaurant is approximately $~~100~~105 per month. All fees are paid directly to Mobile Exposure. No portion of the expenditures for any existing or future Penn Station Electronic Media Programs will be counted against the 2% of total Net sales per each calendar year that must be spent on Local Advertising. The fees payable to Mobile Exposure are subject to increase depending on changes to the program made by us and the duration of the program. We reserve the right to provide any existing or future Penn Station Electronic Media Programs directly by the employees of Penn Station rather than any vendor of Penn Station.

Note 15: Point of Sale System Maintenance Fees

You must obtain a monthly software service and support arrangement from our vendor for the North Key point-of-sale system. The monthly cost of that service is currently a minimum of $75, including access to, and

the cost of, TeamPenn.com. This requirement is uniformly imposed by us. All fees for maintenance of the North Key point-of-sale system are currently paid directly to our vendor, North Key Systems Inc. (see Item 11 under "Computer System"). You must also obtain an annual software service, support and maintenance arrangement from our vendor for the SonicWALL Router. The annual cost of that retail support service is currently $495 per Penn Station Restaurant. This requirement is uniformly imposed by us. You must also obtain a gateway security suite of software products for the SonicWALL Router. The cost of that gateway security suite of software products is currently $462.54 per Penn Station Restaurant and is currently payable every year (after the expiration of the initial license period for that software which is included when the SonicWALL Router is first purchased). These requirements are uniformly imposed by us. All fees for maintenance of the SonicWALL Router and the gateway security suite of software products are paid directly to our vendor, Cerdant, Inc. (*please* see Item 11 under "Computer System").

During the second half of 2021, we may request our point-of-sale vendor, North Key Systems, Inc., to provide a Report and Dashboard Server service which will allow franchisees the ability to directly generate, manage and create additional financial reports for each Restaurant they operate. It is currently anticipated that the additional monthly fees payable to North Key Systems, Inc. by franchisees would be between $5 and $10 for that service per Restaurant per month. If implemented by us, we will notify our franchisees, and this additional service from North Key would then become mandatory for all franchisees.

Note 16: Grand Opening Advertising

We require you to spend up to $10,000 for a grand opening event and marketing support at any time within the first 180 days of your Restaurant opening ("Grand Opening Advertising"). This requirement may be waived (a) if your Restaurant is not in a Mature Market and its sales are equal to or above the average for all Penn Station Restaurants and (b) if your Restaurant is in a Mature Market. "Mature Market" means a market, as defined by Penn Station, in which a sufficient number of Penn Station Restaurants have been opened and are operating in relation to the total number of Penn Station Restaurants that could be opened and operated in that market, all as determined by Penn Station, in its sole determination. For franchisees who purchased a Penn Station franchise under a Franchise Agreement in effect on April 1, 2016, no Grand Opening Advertising is required for any of those Penn Station franchises purchased under any of those Franchise Agreements. Except as noted in the immediately preceding sentence of this paragraph, the Grand Opening Advertising requirement shall be uniformly imposed by us on franchisees who purchase a Penn Station franchise under a Franchise Agreement effective after April 1, 2016.

Note 17: Web Ordering

We have a ~~web ordering system (previously referred to as an on-line~~website-based online ordering system~~)~~ for all Penn Station Restaurants that includes hosted website pages with online ordering capabilities (the "Web Ordering System"). ~~The Web Ordering System is also available via the Penn Station "APP", which customers can download onto their smartphones and certain other electronic devices. The Penn Station "APP" is maintained by our current Loyalty Program vendor, Bridg, Inc. and is part of our Loyalty Program. *Please* see Note 2 above regarding the Loyalty Program~~. The Web Ordering System is mandatory for, and uniformly imposed on, franchisees. The fees to be paid by you to the vendor of the Web Ordering System (currently, ~~nuOnosys~~North Key Systems, Inc.~~, d/b/a Onosys~~) are applied on a per Restaurant basis ~~and will vary depending on the amount of customer transactions~~. Those fees are currently $~~59~~50 per month per Restaurant ~~(subject to reduction to $49.00 per month per Restaurant if certain daily volumes of transactions across all Penn Station Restaurants are reached), plus $0.10 per transaction through the Web Ordering System. We currently do not have (but may in the future have) one or more third-party delivery services that are processed through our Web Ordering System. If we did, then Onosys may charge $0.25 per order for transactions placed through the third-party delivery company's platform and processed through our Web Ordering System. The vendor of the Web Ordering System currently offers certain discounts on its fees if there is an advance payment of them~~. To participate in the Web Ordering System, you will enter separate contractual arrangements with the vendor. As an owner of a company-owned unit, we participate in these services on the same applicable terms as franchisees. The fees to be paid by you to the vendor of the Web Ordering System will be payable monthly. ~~For 2019,~~If we decide to implement a Loyalty Program in the future, we anticipate it will be activated for use with the Web Ordering System. For 2020, we used, and P.S. National Fund may continue to use in ~~2020,~~2021, funds from the national fund to pay for the cost of the implementation and development of the Web Ordering System.

Note 18: Third-Party Delivery Service

In ~~March,~~ 2020, we ~~entered into an agreement with a national, third-party delivery service vendor~~made arrangements with two national, third-party service providers that provide platforms and systems for one or more web-based and mobile properties and/or apps that connect restaurants, delivery personnel, and customers: Grubhub Holdings, Inc. and DoorDash, Inc. Franchisees may, at their option, choose to ~~participate in the delivery service by entering into a separate agreement with the third-party delivery service vendor. All fees are paid by franchisees, who participate, to the third-party delivery service vendor, and all fees are uniformly imposed on those franchisees by the third-party delivery service vendor. Currently, the fees paid by franchisees, who participate, to the third-party delivery service vendor are a 10% platform fee and, except under certain very limited circumstances, a 10% delivery fee (based on a percentage of the total Dollar amount of the customer order) (or a total 20% fee)~~receive orders through and delivery services from either or both of those service providers (and/or independent contractor delivery services providers obtained through those platforms and systems) and, in connection with obtaining those services, will enter separate contractual arrangements with the respective service providers. As an owner of a company-owned unit, we participate in ~~the third-party delivery service~~these services on the same terms as franchisees. ~~The third-party delivery service collects the total Dollar amount of the customer order, deducts its fees, and then settles with the franchisee on an agreed-upon basis in terms of frequency and method of payment to the franchisee.~~

Franchisees who sign a contract with Grubhub generally pay the following fees: a 10% marketing "commission" that always applies and a 10% delivery "commission" (which does not apply to pick-up orders). Grubhub's fees are based primarily on the total dollar amount of the customer order. Grubhub collects the total dollar amount of the customer order, deducts its fees, and then settles with the franchisee on an agreed-upon basis in terms of frequency and method of payment to our franchisee.

Franchisees who sign a contract with DoorDash generally pay the following fees: a 12% "pick-up promotion" fee, a 20% "marketplace promotion" fee, or a 26% "dash pass promotion" fee. Other fees may also apply. DoorDash collects the total dollar amount of the customer order, deducts its fees, and then settles with the franchisee on an agreed-upon basis in terms of frequency and method of payment to our franchisee.

We ~~may elect to enter into additional or replacement third-party delivery arrangements during 2020 with other third-party delivery service vendor(s) and make those arrangements available to applicable franchisees.~~are currently working with Checkmate.com Inc. and North Key Systems Inc. to develop one or more integrations of the third-party service providers' platforms and systems (such as those provided by Grubhub and DoorDash) with our franchisees' point-of-sale system. Once the development is complete, which we anticipate during 2021, you will be required to enter separate contractual arrangements with and pay fees directly to each of Checkmate.com Inc. and North Key Systems Inc. for on-going services that facilitate the operation of these integrations. Your arrangements with North Key Systems Inc. may be implemented by amendment to your existing contracts with North Key Systems Inc. related to your point-of-sale system. It is currently anticipated that the fee charged by Checkmate.com Inc. for the above integration service will be $75 per month per Restaurant, and the fee charged by North Key Systems Inc. for the above integration service will be an additional $10 per month per Restaurant.

We may make arrangements with additional third-party service providers that provide platforms and systems for one or more web-based and mobile properties and/or apps that connect restaurants, delivery personnel, and customers and/or delivery service provider arrangements during 2021 and make those arrangements available to applicable franchisees.

During 2021, we may mandate that our franchisees offer third-party delivery services to customers. If these third-party delivery services are mandated, you will also be required to pay for any fees for the integration of those services with your point-of-sale system, as described above.

~~We may establish, at~~At our election from time to time, we may establish, with our third-party delivery service ~~vendors~~providers, marketing programs associated with one or more of the delivery ~~service~~services. We may suggest to P.S. National Fund, and P.S. National Fund may elect, to use funds from the national fund from time to time to pay for some portion of the cost of those marketing programs. If we establish marketing programs with third-party delivery service ~~vendors~~providers, the applicable franchisees covered by those marketing programs will be obligated to participate in those marketing programs on a uniform basis. Any cost incurred by those franchisees would not be included in your 2% Local Advertising expenditure.

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	$25,000 (Note 1)	Lump Sum (Note 1)	At Signing of Franchise Agreement	Penn Station
REAL PROPERTY	(Note 2)	(Note 2)	(Note 2)	(Note 2)
STORE CONSTRUCTION (Notes 3 and 12)	$~~185,000~~178,487 to $~~283,633~~258,367	Progress Payments; As Arranged	As Arranged; Usually Before Opening	~~Approved~~Authorized Contractor, Supplier(s)

TYPE OF EXPENDITURE*	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
EQUIPMENT (Note 4)	$~~144,479~~160,618 to $~~204,609~~226,235	As Arranged	As Arranged; Usually Before Opening	~~Approved~~Authorized Supplier(s)
OPENING INVENTORY (Note 5)	$~~6,855~~5,594 to $~~8,578~~11,530	As Arranged; Usually Lump Sum	As Arranged; Usually 30 Days After Opening	~~Approved~~Authorized Supplier(s)
SECURITY DEPOSITS & PREPAID EXPENSES				
1. Telephone Deposit	$0 to $150	Lump Sum	Before Opening	Telephone Company
2. Insurance (per year) in the form required by the Franchise Agreement	$120 to $8,132	Lump Sum or As Arranged	Before Opening	~~Approved~~ Insurance Companies
3. Lease Security Deposit	$0 to $8,413	Lump Sum	At Signing of Lease	Landlord
4. Utility Deposit	$0 to $1,500	Lump Sum	Before Opening	Utility Companies
ADDITIONAL FUNDS FOR FIRST 3 MONTHS (Note 6)	$10,000 to $27,570	As Incurred	As Incurred	Employees, Suppliers, Taxing Authorities; Various Vendors/Creditors
OTHER EXPENSES:				
1. Site Advertising for Opening (Note 7)	$0 to $~~1,250~~9,735	As Arranged	As Arranged	~~Approved~~Authorized Vendor(s)
2. Design Fees for Construction	$~~8,500~~8,244 to $~~21,927~~14,677	As Arranged	As Arranged	~~Approved~~Authorized Architect
3. Legal Fees; Organizational Costs	$0 to $~~2,661~~2,875	As Incurred	As Incurred	Your Lawyer; Government Authorities
4. Pre-Opening Interest Cost (Note 8)	$0 to $~~5,000~~4,123	As Arranged	As Arranged	Bank; Lending Institution(s)
5. Travel, Room and Board to Attend Training Program (depending on distance to training facility)	$~~3,790~~1,668 to $~~12,781~~6,174	As Incurred	As Incurred	Various
6. Permits/Licenses (Note 9)	$~~100~~0 to $~~2,560~~2,545	As Incurred	As Incurred	Government Authorities
TOTAL (Notes 10, 11)	$~~383,844~~389,731 to $~~613,764~~607,026 per Restaurant. Does not include lease expenses (see Note 2), the optional Site Reservation Fee or the Territory Fee (see Item 5 above regarding the terms and applicability of the Site Reservation Fee and the Territory Fee).			

Notes:

* The amounts for the Estimated Initial Investment is per Restaurant you open. These sums are based on amounts reported to us during ~~2019,~~2020, and the sums are likely to change for Restaurants opened in the latter part of ~~2020~~2021 and in years ~~2021~~2022 and thereafter. Except as noted below, these payments are non-refundable.

(1) See Item 5 above for a discussion of the conditions when the initial franchise fee may be partly refundable and for those circumstances under which a lower initial franchise fee is charged.

(2) You must lease a site for each of your Penn Station Restaurants. Typical locations for a Penn Station Restaurant are in strip-shopping centers, business districts, college campuses, busy suburban streets and comparable commercial areas accessible to the public. The typical store should have at least 1,350 square feet, preferably 20' wide although we may consider smaller spaces depending on the circumstances. We do not anticipate approving a store having square footage greater than 1,600 absent special circumstances. We estimate that starting rent (except for regional shopping malls, where rent varies widely and is generally substantially higher) will be between $20 and $40 (gross) per square foot of space per month depending on factors such as market conditions, available space, and the location of the premises. Based on leases entered into in ~~2019,~~2020, we believe a realistic rental goal would be between $22 and $38 (gross) per square foot. You may have to pay rent on the basis of a percentage of your gross sales plus a base rent depending on the landlord's policies and practices. In addition, security deposits are typically required which are typically 1 or 2 months of rent. You may also be responsible under the lease for real estate taxes, maintenance and repair expenses, utilities, construction "back charges," common area charges, common advertising charges, insurance coverages (including insurance for business interruption of the operation of your Penn Station Restaurant to cover rent payments) and other charges. Rent payments usually begin on the first day of the month of operation. See Item 19 below for more information regarding rent costs.

(3) Store Construction includes plumbing, electrical, and hood and HVAC systems, cabinets, interior walls, counter tops, decor, floor and wall covering materials, lights and installation labor, and other interior improvements and decor.

(4) Equipment includes grills, ovens, refrigerators, food storage and preparation equipment (including food preparation tables), fryers, beverage dispensing machines, small wares, signs, food photographs, television, plaques, point-of-sale system and other operational equipment and trade fixtures used in your Penn Station Restaurant.

(5) Opening Inventory includes meats, produce, cheeses, drinks, bread, paper products, small wares and implements, beverage containers, and miscellaneous supplies and an initial set of uniforms.

(6) This additional amount estimates initial cash startup expenses and your ordinary recurring cash business expenses per Restaurant opened for a three-month period in addition to the other expense items listed in this Item 7. This additional amount is an approximate sum that is based on (a) information supplied to us from our franchisees who opened Restaurants during calendar years ~~2015~~2016 to ~~2019~~2020 and (b) our business judgment that having at least $10,000 of additional, contingency capital is prudent when opening a new Restaurant. Of those franchisees who opened new Restaurants during calendar years ~~2015~~2016 to ~~2019,~~2020, approximately ~~26.83~~21.05% of those franchisees reported to us additional cash requirements above the available cash flow from their operations over that entire three-month period. Of those franchisees, the average additional funds needed during that three-month period were approximately $~~11,781.~~14,086. These additional initial cash

startup expenses could include, for example, pre-opening payroll costs (except for owners and operators), recruiting fees for employees, advertising, pre-opening utilities, accounting, and ordinary costs of doing business during the three month period (including royalties paid to us). These additional initial cash startup expenses do not include any compensation, benefits or distributions to the owners or operators of the Restaurant. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business or if or when the business will break even. Your costs (and therefore your cash reserve requirements) will depend on factors such as: how much you follow our methods and procedures; your management skills, experience and business acumen; the local market for Penn Station Restaurant products, including the location of your Restaurant; the length of time between the date you begin incurring costs (including the hiring of your General Manager and Operations Director, if applicable) and the date you open your Restaurant for business; delays caused by your landlord, weather, governmental authorities, and contractors in opening the Restaurant; whether the Managing Owner operates the first Restaurant in lieu of hiring a General Manager; whether you are opening a Restaurant in a market where there were previously no Penn Station Restaurants; local economic and public health conditions; the amount of promotion and advertising; the prevailing wage rate; competition; and the sales level reached during and after the first three months of operation. See Item 19 below. You should prepare a business plan, after consulting with your accountant and other franchisees in similar markets, that considers long term and short term cash needs and reserve requirements.

(7) We require you to spend up to $10,000 for Grand Opening Advertising. See Item 6, Note 16 above.

(8) This amount estimates the interest cost (which may be in the form of fees) on your financing (per Restaurant) before your Penn Station Restaurant opens. This expense was based solely on amounts reported to us by franchisees who opened Restaurants in ~~2019.~~2020. This expense will vary greatly depending on the terms you negotiate with your lender, including the interest rate and the date you must start paying interest.

(9) This amount does not include the cost of any construction-related permits which vary greatly with the building/zoning department of each locality. Construction-related permits are included in the cost of construction.

(10) The amounts given in this Item 7 reflect our estimate based on information reported to us by our franchisees. The exact cost will depend on a variety of factors that we cannot know in advance, such as the layout, geographical location, and initial condition of the site for your Penn Station Restaurant, whether the Restaurant is free-standing, what amount of the development costs your landlord is willing to assume, local licensing, compliance with building codes and other laws, economic conditions, and technology changes. You should review these figures carefully with a business advisor before making any decision to purchase a Penn Station franchise. For Restaurants opened in ~~2019,~~2020, the average amount spent for Store Construction and Equipment was $~~385,901~~386,103 with ~~five~~four stores above the average and ~~three~~four stores below the average. Nine Restaurants opened in 2020; however, for purposes of this Item 7, funds expended to remodel a Restaurant that closed (because of a fire) were excluded from the figures and computations in this Item 7. The Restaurant reopened in 2020.

(11) We do not offer direct or indirect financing to franchisees for any items (other than in connection with an Underperforming Restaurant described in Item 10). Our affiliate, PS Realty, has, in the past, acquired and developed, but does not actively acquire and develop, free-standing Restaurants. It leased the land, the building shell, and, in some cases, certain interior improvements to our franchisees. A $10,000 security deposit is required. See Item 10 below.

(12) Some landlords grant to franchisees an allowance for store construction as an inducement to sign a lease. During ~~2019,~~2020, the average allowance of the ~~eight~~five franchisees who received allowances was

$~~23,733~~51,498 with ~~five~~three out of eight new Restaurants receiving no allowance. We have deducted the average allowance from the store construction cost shown in the table in this Item 7 and in the total cost amount shown above.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Types of Products and Services Covered:

Restaurant Operational Items:

All food (including beverage, bread and produce) and paper inventories, equipment, furnishings (including furniture), food preparation supplies, janitorial supplies, laundry services, uniforms, credit card processors, delivery services, and on-line ordering services (referred to in this disclosure document as "Restaurant Operational Items") must meet our standards and specifications. We have these requirements to maintain and enhance the Penn Station Restaurant image, to have a uniform identification of Penn Station Restaurants by the public, to preserve and enhance the goodwill associated with our Marks (as defined in Item 13), to fulfill our customers' on-going expectations, and to achieve better prices for franchisees. Please see Item 11 regarding your purchase of a point-of-sale system, including computer hardware and software, and the system-wide updates to our menu.

Our standards and specifications for Restaurant Operational Items are formulated by considering cost and quality, performance, effectiveness, durability, function, appearance, taste (in the case of food ingredients), size, color, design, material, and other characteristics incident to maintaining our system, the Penn Station image, and consumer expectations. In most cases, we do not maintain written standards or specifications for Restaurant Operational Items, rather, the "standard" or the "specification" becomes the currently approved Restaurant Operational Items. We select specific Restaurant Operational Items based on past experiences, the experience of franchisees, price, the characteristics of the specific Restaurant Operational Items, industry standards and dynamics, and our continuing analysis of our franchisees' Restaurants. Our specifications, and the specific Restaurant Operational Items that we select on the basis of these specifications, are modified periodically as we discover better suited Restaurant Operational Items.

We mandate the use of certain ~~approved~~authorized suppliers, including manufacturers, for selected Restaurant Operational Items. For example, all food, produce, bread, paper, and janitorial supplies are purchased from one national food service distributor and all fountain beverages from one national supplier. Although we have a national supplier, the local or regional distributor of that supplier for your area may be the company with whom you will be receiving the applicable goods and services. By aggregating buying power, we are striving to achieve overall price, quality, and service advantages for our franchisees although certain items, isolated by themselves, may be available at lower prices. If we have mandated a particular ~~approved~~authorized supplier, you may not use or contract with an alternative supplier for those Restaurant Operational Items. Where we have not mandated a supplier for a particular Restaurant Operational Item, you may seek our ~~approval of~~consent to use an alternative supplier. We will communicate to you our list of ~~approved~~authorized suppliers, including those which are mandated. We will do so ~~either in the Operating Manual or in periodic written notices~~through the Penn Station Outernet that is accessible by franchisees. Even if we have not mandated the use of an ~~approved~~authorized supplier for a particular Restaurant Operational Item, we may have still negotiated favorable pricing arrangements with an ~~approved~~authorized supplier for the particular Restaurant Operational Item. Accordingly, although you may wish us to ~~approve~~consent to an alternative supplier proposed by you, we strongly suggest that you use those ~~approved~~authorized suppliers (who are not mandated) with whom we have negotiated favorable pricing arrangements for obvious price reasons. We may elect ourselves to establish a commissary for certain proprietary food items. If so, we would be a mandated supplier for those food items.

In selecting a particular supplier, we evaluate the supplier's product and product consistency, production and delivery capability to meet supply commitments, integrity of management, financial capability, and pricing, and, in the case of services, the competence, professionalism, pricing, integrity and response to our franchisees.

Our ~~approved~~authorized supplier list, our standards and specifications (to the extent written standards and specifications are separately maintained), and the specified Restaurant Operational Items are listed in ~~our Operating Manual and in periodic written notices to our~~the Penn Station Outernet that is accessible by franchisees. Supplier lists and standards and specifications (to the extent written standards and specifications are separately maintained) for Restaurant Operational Items are not available to alternative suppliers that you may propose to use. We may change effective on notice to you the supplier or suppliers who are ~~approved~~authorized or mandated by us for a given Restaurant Operational Item.

We ~~approve~~authorize suppliers in accordance with our experience, our investigation of industry standards, the experience of our franchisees (including the advice of our Franchisee Advisory Council), and our continuing analysis of our franchisees' Restaurants and our competitors. In establishing standards and specifications for Restaurant Operational Items, selecting the specific Restaurant Operational Items, or selecting or mandating the suppliers, we make no representations or warranties to you, express or implied, about the performance, fitness for a particular purpose or merchantability of the Restaurant Operational Items, or any representations or warranties about the suppliers.

If you desire to purchase (or any supplier designated by you proposes to sell) (i) any Restaurant Operational Items not previously approved by us or (ii) any approved Restaurant Operational Items from a supplier who has not yet been ~~approved~~authorized by us, then you must submit to us the Restaurant Operational Item (if tangible) along with appropriate literature and drawings, if applicable, pertaining to the Restaurant Operational Item and information relative to the proposed supplier for our ~~approval~~consent. We do not have a policy regarding how long it will take before you receive notification of our ~~approval~~consent or disapproval of your proposal. We do not currently charge a fee for evaluating your proposed supplier. If the particular Restaurant Operational Item is sold by a supplier whom, at the time of your request, we made the use of mandatory, then we will not consider your request. We may require, as a condition of our ~~approval~~consent, that our employee or agent be permitted to inspect the supplier's facilities and that samples from the supplier be delivered to us for testing. We reserve the right to reinspect the facilities and products of any alternative supplier that you proposed and we ~~approved~~authorized and to revoke our ~~approval~~consent if (a) the supplier does not meet any of our standards or specifications or the requirements of our Operating Manual or (b) we elect to make a different supplier for the particular Restaurant Operational Items mandatory. Within a reasonable time after inspection and testing, we will notify you either orally or in writing whether either or both of the proposed supplier or any proposed alternative Restaurant Operational Items are ~~approved~~consented to by us. If any Restaurant Operational Items you submit or a supplier you propose is not ~~approved~~authorized, we will inform you of the reasons the Restaurant Operational Item or the supplier does not meet our standards. Our disapproval is final. There are no procedures for resolving a difference of opinion between you and us on these matters, and you may not contract with alternative suppliers in those instances.

Penn Station Restaurant Construction:

If we ~~approve~~consent to your location for a Restaurant and you have leased the location in accordance with your Franchise Agreement, then you must purchase and construct the required improvements and decor and install the required equipment, furnishings, furniture, and fixtures (referred to in this disclosure document as the "Restaurant Improvements") in accordance with our Construction Guidelines that are in effect when you build your Restaurant. The "Construction Guidelines" means the latest set of architectural drawings and construction documents for a Penn Station Restaurant which we have adopted as prototypical for construction as of the date that you are constructing or remodeling your Restaurant.

After the Franchise Agreement is signed by you and us, we will make available to you the Construction Guidelines and the name of ~~approved~~authorized architects. We limit the number of ~~approved~~authorized architects to achieve favorable pricing for our franchisees and to increase the efficiency and effectiveness of the plan preparation process. If you seek to use an architect who is not designated by us as pre-~~approved~~authorized, you must pay an additional fee to one of our ~~approved~~authorized architects to review any plans prepared by your architect. See Item 6 above. For each Restaurant you open or each Restaurant that is remodeled under a Franchise Agreement with us, you must, at your expense, have a preliminary floor plan of the Restaurant prepared by a qualified architect based on the Construction Guidelines if required by applicable law or by us. Once we ~~approve~~consent to the preliminary floor plan (if required), you must, at your expense, have your architect prepare location-specific drawings and construction documents based on the Construction Guidelines. The location-specific drawings and construction documents must comply with applicable local, state or federal laws and regulations (including building, zoning, and health codes). Before submitting for a building permit or letting the project out for bid, you must submit to us for our ~~approval~~consent your location-specific drawings and construction documents so that we may determine compliance with the Construction Guidelines. We have no obligation to review your location-specific drawings and construction documents until you have signed a Franchise Agreement. Our ~~approval~~consent of the location-specific drawings and construction documents for your Restaurant may in no way be construed to be a warranty or representation as to the quality or sufficiency of the design, the architectural concepts, or the construction methods or materials called for in those drawings or documents or whether those drawings and documents meet the requirements of local or national laws and regulations.

We will make available to you, after your Franchise Agreement has been signed, the name of the ~~approved~~authorized supplier for those items of the Restaurant Improvements that are restaurant equipment. If you propose to purchase any item of the Restaurant Improvements which is equipment (large or small) or signage from any supplier who has not been previously ~~approved~~authorized by us, then you must seek our ~~approval of~~consent to use that supplier in the same manner discussed earlier in this Item 8. For the construction (and remodel) of the Restaurant, you must use a reputable, good quality general contractor having sufficient restaurant construction experience.

If you propose to enter into a lease for any equipment, then, at our option, you must use your best efforts to have the lease contain certain terms and conditions which, among others, allow us to obtain an assignment of the lease or leases at our option if your Franchise Agreement expires or is terminated.

Real Estate:

You may not directly or indirectly own the real estate on which your Penn Station Restaurant is located. ~~In certain limited circumstances deemed acceptable to us on a case-by-case basis, with our prior written approval in our sole judgment, we may permit one of your owners to own the real estate on which your Penn Station Restaurant is located. Our decision whether to approve that ownership of the real estate includes the following factors: (i) whether~~ unless (i) the proposed rental rate is a market rate~~; (ii) how long you have been a franchisee; (iii) the adequacy of~~, and the lease, which is in writing, is otherwise on market terms and conditions, (ii) your development capital is adequate to complete your obligations that you may have under any Multi-Unit Agreement with us~~; (iv) whether~~ and to own the real estate, and (iii) the term of the proposed lease is coterminous with your Franchise Agreement with us~~; (v) whether the owner of the real estate has day-to-day operational responsibilities at any of your Restaurants; (vi) whether the owner of the real estate is a minority, passive investor in you and is subject to non-compete and non-disclosure obligations in favor of Penn Station; and (vii) the commonality of the owners in you and in the real estate. Our decision to approve that ownership of the real estate may also depend on additional agreements that Penn Station may determine is required under the circumstances from the various parties, including the real estate owners and you, to protect Penn Station's interests~~.

~~If you desire a free-standing restaurant for a particular location, you may notify us. Depending on the number of tenants and the appearance of the building in which the Restaurant will be located, we may classify certain premises as being "free-standing"; we will resolve, in our discretion, any questions or doubts about what constitutes a "free-standing" Restaurant.~~ In the past, PS Realty acquired and developed free-standing Restaurants (see Item 10 below), but PS Realty is not actively pursuing the acquisition and development of free-standing Restaurants. We have not received, and, were we to make a referral, we will not receive, any fee from PS Realty for referring to it any ~~request of one of our franchisees for~~franchisee which desires to build a free-standing Restaurant (regardless of whether PS Realty actually buys the property and constructs the applicable improvements). ~~With our prior approval and in limited circumstances, the free-standing location may also be purchased by a third party who will then lease the location back to you.~~

For any lease you propose to sign for any of your Restaurant locations, you must have signed, as part of your lease, our mandatory lease addendum that is in effect at the time you sign your lease (referred to in this disclosure document as the "Lease Addendum"). We will not ~~approve~~consent to your lease without having our Lease Addendum signed as part of it. A copy of our current Lease Addendum is attached as Exhibit G. The Lease Addendum contains terms that (i) reserve to us the right, at our option, to obtain your leasehold interest and other rights under the lease for the Restaurant premises if the lease terminates or expires or we: (a) terminate the Franchise Agreement because a default has occurred or (b) do not renew the Franchise Agreement because the applicable renewal conditions have not been met; (ii) require the landlord to provide contemporaneous written notice to us of any notice of default under the lease given to you; (iii) allow the display of our approved signs on the interior and exterior of the Restaurant premises; (iv) provide for the right to use the Restaurant premises for all activities and operations of a Penn Station Restaurant; (v) allow you to make all improvements to the Restaurant premises at the inception of the lease (and at any required remodeling) which are required by our Construction Guidelines then in effect; and (vi) give us the right to enter the Restaurant premises to make any modification to the premises if we believe it necessary or desirable to protect our Marks.

Store Remodeling; Equipment Replacement:

You are required periodically to remodel your Restaurant (Section 5.1.6 of the Franchise Agreement). Your remodeling obligation is separate from, and in addition to, your obligation to redecorate, repaint, and repair your Restaurant (Section 5.1.6 of the Franchise Agreement) and to purchase new menu boards, in-store

displays and other point of sale materials (including food photographs) advertising or promoting the changes and any related equipment that Penn Station has determined is needed in connection with a change in products or services that Penn Station has implemented (Section 5.1.3 of the Franchise Agreement). Assuming your Franchise Agreement goes to full term (*i.e.,* the agreement is renewed three times after the initial five year term), you will not be required to remodel your Restaurant more than two times during the 20 year period. Furthermore, we will not ask you to remodel any sooner than five years from the date we last asked you to remodel (Section 5.1.6 of the Franchise Agreement). We decide the scope of the remodeling which is required. It will vary depending on the condition of the Restaurant and how much the Restaurant varies from the most current Restaurant prototype, including decor and equipment. When you undertake your remodeling, you may be required by law or by us to hire an ~~approved~~authorized architect to have a preliminary floor plan and location-specific drawings and construction documents prepared according to the Construction Guidelines, as described on the preceding pages of this Item 8. You must complete the remodeling process within 120 days after we deliver to you a request for remodeling (subject to permitted extensions of time, of a duration and frequency as we determine, for delays beyond your control).

In addition to the remodeling described above, you must also remodel your Restaurant in cases where the Franchise Agreement has been in effect for the full term of 20 years (*i.e.*, an initial term of five years and three, five-year renewal terms), and the Full Term Franchisee is purchasing a new Penn Station franchise for the same Restaurant location under a new franchise agreement for an additional term of 20 years (*i.e.*, assuming all three of the five year renewal terms were made after the initial term of five years). We decide the scope of the remodeling which is required in those circumstances. It will vary depending on the condition of the Restaurant and how much the Restaurant varies from the most current Restaurant prototype, including decor and equipment. When you undertake your remodeling, you ~~will~~may be required to hire an ~~approved~~authorized architect to have a preliminary floor plan and location-specific drawings and construction documents prepared according to the Construction Guidelines, as described on the preceding pages of this Item 8. You must complete the remodeling process within 120 days after we deliver to you a request for remodeling (subject to permitted extensions of time, of a duration and frequency as we determine, for delays beyond your control).

If, after beginning operation of your Restaurant, you propose to purchase or install in the Restaurant any Restaurant Improvements not previously approved by us or to make any alterations to your Penn Station Restaurant, then you must first seek our ~~approval~~consent. The ~~approval~~ process to obtain our consent is the same as the initial process as discussed in this Item 8.

Because of the ~~2020~~ Covid-19 Pandemic, we ~~have~~ deferred~~, and may in other instances defer,~~ through September, 2020, certain remodeling described above.

Advertising:

Because we own the Penn Station Marks, all of your advertising must conform to our standards and requirements. In many cases, however, we do not maintain written advertising standards available to be given to you, but we have selected or approved certain advertising based on our past experience, the industry, the experience of our franchisees, and our continuing analysis of Penn Station Restaurants. Accordingly, once you become a franchisee, you will have access to existing, available examples of approved advertising through the Penn Station ~~Website~~Outernet (that is accessible by franchisees), and we will review all advertising submitted by you based on our standards and requirements. P.S. National Fund and/or Penn Station may retain an outside, local advertising agency for system advertising. See Item 11 for more information concerning advertising. With that exception, we do not maintain an ~~approved~~authorized list of suppliers of advertising. We also do not currently maintain criteria for approving suppliers of advertising. Our standards are used both for purposes of reviewing proposed franchisee advertising under cooperative advertising programs, described in Item 6 above, and for developing pre-approved local, regional, and, if applicable, national advertising programs to be carried

out by P.S. National Fund. We plan to solicit from time to time the advice of our Franchisee Advisory Council, P.S. National Fund and the formal and informal advertising cooperatives as to the advertising, marketing and promotional materials produced with monies from the national fund.

You must submit to us for our prior ~~approval~~consent samples of all advertising plans and materials that you intend to use which were not prepared or previously approved by us. As owner of the Penn Station Marks, we must have complete control over how our Marks, our system, and the Penn Station Restaurants are depicted and advertised; accordingly, our decision to ~~approve~~consent to or disapprove advertising submitted by you is final, and there is no procedure in your Franchise Agreement for resolving a difference of opinion between you and us on this matter. If you do not receive from us written disapproval within 30 days from the date we receive your advertising plans and materials, then you have the required ~~approval~~consent. Once given, however, we can later revoke our ~~approval~~consent. As a condition to any ~~approval~~consent by us of any advertising proposed by you (or by P.S. National Fund or any cooperative of which you are a member), you (and P.S. National Fund and any cooperative) must transfer to us any rights you may have in the advertising.

You must display our Marks in the manner we require on all of your signs and advertising materials.

Electronic Media Sites:

Websites, Social Media Platforms, Social Media Sites and Mobile Applications have always been and continue to be advertising under the Franchise Agreement. In connection with any Electronic Media Site, the Franchise Agreement provides, in summary (Franchise Agreement, Section 9.2.2), that (i) we will have the exclusive right, but not the obligation, to establish Penn Station Electronic Media Programs (see Item 6, Note 14) and (ii) you cannot establish yourself, through any advertising cooperative or any other person, any separate Electronic Media Site.

The term "Website" means a set of interconnected web pages, usually including a home page and generally located on the same server, that are prepared and maintained as a collection of information by a person, group, or organization, including the Internet, Intranet, and World Wide Web home and other web pages, mobile and e-mail address sites, microsites, and mobile versions of the foregoing, that refer in whole or in part to any Penn Station Restaurant, any of Penn Station's franchisees (including you), any of the Marks, any of Penn Station's copyrighted materials, Penn Station, or the System.

The term "Social Media Platform" means an interactive form of media on the Internet or another network of computers and/or other devices linked by communications software and/or other systems that allows users of the platform to interact with each other, publish content (such as text, photographs, location, video or audio), and/or form communities around shared interests or experiences. The term "Social Media Platform" includes blogs, microblogs, social networking sites, professional networking sites, video-sharing and photo-sharing sites, review sites, multi-media messaging sites, virtual worlds, and group activity sites.

The term "Social Media Site" means a page, handle, channel or account on a Social Media Platform that refers in whole or in part to any Penn Station Restaurant, any of Penn Station's franchisees (including you), any of the Marks, any of Penn Station's copyrighted materials, Penn Station, or the System.

The term "Mobile Application" means any application software and associated features (including push notifications) for use on a mobile device (such as a mobile telephone, tablet, watch, IoT device, or reader), enabling the user to access information or communicate with other users over a Wi-Fi or mobile-data connection, that refer in whole or in part to any Penn Station Restaurant, any of Penn Station's franchisees (including you), any of the Marks, any of Penn Station's copyrighted materials, Penn Station, or the System.

The term "Electronic Media Site" means a "Website," a "Social Media Platform", a "Social Media Site," or, as applicable, a "Mobile Application".

Accounting Services:

We require that you use a certified public accountant (or another accountant selected by you to which we have acquiesced after receiving your application to do so) to prepare financial reports and statements required to be completed under the terms of your Franchise Agreement. We have an Accounting Manual which describes in detail the way in which your accounting must be set up, your operations accounted for, and how the results are reported to us. You cannot deviate from the requirements set out in the Accounting Manual, as it would jeopardize the consistency of the information reported to us. Without this consistency, the comparative analysis value to us and our franchisees of the applicable information is undermined.

Insurance:

You must purchase before beginning operation of your Penn Station Restaurant (and maintain during each term of your Franchise Agreement), at your expense, insurance coverage which complies with our insurance coverage requirements. Our coverage requirements are in our Operating Manual. Currently, our insurance requirements are as follows: (i) comprehensive liability insurance (at least $1,000,000 per occurrence) for bodily injury and property damage with a minimum $50,000 fire and legal liability coverage endorsement, and a minimum $5,000 medical payments to others endorsement; (ii) special form property insurance, or the broadest property insurance then commercially available, insuring 100% of the replacement value of your equipment, inventory, furniture, supplies, furnishings, fixtures and other tenant/interior improvements together with business interruption coverage, insuring "actual loss of income" for up to 12 months; (iii) automobile liability coverage for both owned and "hired and non-owned" vehicles in the amount of at least $1,000,000; (iv) worker's compensation or similar employer liability insurance as required by law; and (v) any other insurance required by law. The insurance coverage must be issued by insurance carriers rated "A" or better (or any comparable successor rating) by Alfred M. Best & Company, Inc. (or any successor). We must be named as an additional insured with you on each liability insurance policy (except worker's compensation insurance); however, we will not be liable under any circumstances for any unpaid insurance premiums. Each insurance policy must be endorsed to require the insurer to notify us in writing 30 days in advance of any reduction, termination or expiration of any coverage required by your Franchise Agreement and to name us as additional insured on each liability insurance policy. On 30 days written notice to you, we reserve the right to specify additional coverage and to require you to increase the amounts of insurance.

Penn Station as an Approved Supplier:

We are not currently a supplier. In the future, we may consider supplying certain food items to our franchisees that we consider proprietary to Penn Station.

Revenue for Required Purchases:

During calendar year ~~2019,~~2020, we did not derive revenue or other material consideration from your required purchases described in this Item 8 except the supplier rebates described below.

During calendar year ~~2019,~~2020, PS Realty's revenue from the leasing of free-standing Restaurants to our franchisees was $~~1,105,455,~~1,118,951, which represented ~~71.41~~71.16% of its total revenue of $~~1,547,937~~1,572,495 for the calendar year ended December 31, ~~2019.~~2020. The source of this information comes from the annual income statement prepared by management of PS Realty.

Rebates from Suppliers:

During calendar year ~~2019,~~2020, we received rebates from suppliers with whom we negotiated a purchase arrangement (including pricing terms) on behalf of the System approximately equal to $~~2,244,282.~~1,987,914. During ~~2019,~~2020, we contributed all those amounts, plus interest earned on those funds, to the national fund for system advertising although we were (and are) not obligated to do so. See Items 6 (note 4), 8 and 11. It is Penn Station's current policy to request that the suppliers, with whom we negotiated a purchase arrangement (including pricing terms) on behalf of our franchisees, offset any rebates offered by those suppliers against the cost of the products sold in lieu of paying rebates to Penn Station in those instances where Penn Station determines it is appropriate for the System. We may retain and use all rebates paid to us for any corporate or other purpose or expense that we determine is appropriate. You assign to us any rights you may have in the rebates.

Estimated Portion of the Required Purchases:

We estimate that the required purchases described in this Item 8 will constitute approximately 95% of the products and services that you will need to purchase to establish and operate your Penn Station Restaurant.

We do not provide any material benefits to franchisees based on their purchase of particular products or services or use of designated or approved sources. None of our officers, other than Jeffrey J. Osterfeld and Sheri S. Osterfeld (who own PS Realty), own an interest in any supplier listed in Item 8.

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.

Franchise Agreement and Multi-Unit Agreement:

OBLIGATION		SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 1.2, 1.3, 1.4 of the Franchise Agreement. Sections 1, 5 of the Multi-Unit Agreement.	Items 5, 6, 7 and 8
b.	Pre-opening purchases/leases	Sections 1.3, 5.1.2, 6.5, 9.1, 10, 17.2 of Franchise Agreement. Section 5 of the Multi-Unit Agreement.	Items 5, 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 1.3, 1.4, 5.1.2, 5.1.9, 5.1.12, 5.1.13, 9.1, 10, 16.1 of Franchise Agreement. Sections 1, 5, 6, 8 of the Multi-Unit Agreement.	Items 5, 6, 7 and 11
d.	Initial and on-going training	Sections 5.1.1, 5.1.7, 5.2, 12.4.4, 12.4.5,12.5.2, 12.5.3 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Items 6, 7 and 11
e.	Opening	Sections 1.3, 4.3 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 11

OBLIGATION		SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f.	Fees	Sections 1.3, 1.4.2, 2, 3, 4.1.2, 5.1.1, 5.1.6, 5.1.7, 5.1.11, 5.2, 8.1.2, 8.2, 9.1, 9.2, 9.3, 9.4, 10, 12 of Franchise Agreement. Section 2, 3 of the Multi-Unit Agreement.	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 1.3, 1.4, 3.2, 5, 6.2, 6.5, 7, 8, 9, 10, 13.3.2, 13.3.3, 16.1 of Franchise Agreement. Section 5 of the Multi-Unit Agreement.	Items 8, 11, 15 and 16
h.	Trademarks and proprietary information	Sections 6, 7 of Franchise Agreement. Section 9 of the Multi-Unit Agreement.	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5.1.2, 5.1.3, 5.1.12, 6.2.5 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 16
j.	Warranty and customer service requirements	Sections 5.1.7, 5.1.8, 5.1.12 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Not applicable
k.	Territorial development and sales quotas	Sections 1.1, 1.2, 1.3, 1.4 of Franchise Agreement. Sections 1, 4, 6, 8 of the Multi-Unit Agreement.	Item 12
l.	Ongoing product/service purchases	Sections 5.1.2, 5.1.3, 5.1.10, 6.2.5, 9.1, 9.3, 9.4, 10 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Items 6, 8 and 16
m.	Maintenance, appearance and remodeling requirements	Sections 1.3, 1.4, 5.1.3, 5.1.4, 5.1.5, 5.1.6, 5.1.10, 5.1.12, 6.5, 9.1, 17.2 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Items 6 and 8
n.	Insurance	Section 10 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 8
o.	Advertising	Sections 5.1.3, 9 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Items 6, 7, 8 and 11
p.	Indemnification	Section 17 of Franchise Agreement. ~~Not applicable~~ Section 15 of the Multi-Unit Agreement.	Not applicable
q.	Owner's participation/ management/ staffing	Sections 5.1.1, 5.1.7, 5.2, ~~5.3,~~ 12.4, 12.5, 12.6, 12.7, 15.1, 15.2, 15.3 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Items 1, 11, 15 and 17
r.	Records and reports	Sections 3.2, 5.1.4, 8 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 6
s.	Inspections and audits	Sections 4.1.7, 5.1.4, 8.2 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 6

OBLIGATION	SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
t. Transfer	Section 12 of Franchise Agreement. Section 7 of the Multi-Unit Agreement.	Item 17
u. Renewal	Section 2 of Franchise Agreement. Section 8 of the Multi-Unit Agreement.	Item 17
v. Post-termination obligations	Sections 14, 15 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 17
w. Non-competition covenants	Section 15 of Franchise Agreement. ~~Not~~Sections 16 and 17 applicable-Multi-Unit Agreement.	Item 17
x. Dispute resolution	Not applicable-Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 17
y. Other*	Lease for Free-Standing Restaurant. Direct Debit Authorization Agreement	Item 10 Item 6
z. Guaranty	Sections 5.2.1, 5.2.4 of Franchise Agreement. Not applicable-Multi-Unit Agreement.	Item 15

* There are certain ancillary agreements we use when a franchise is transferred. The content of these agreements will depend on the specific situation. You must sign these agreements.

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.

Territory Reservation Letter:

OBLIGATION	SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 5.	Items 5, 7 and 11
b. Pre-opening purchases/leases	Section 5.	Items 5, 7 and 11
c. Site development and other pre-opening requirements	Section 5.	Items 5, 7 and 11
d. Initial and on-going training	Not applicable.	Not applicable
e. Opening	Not applicable.	Not applicable
f. Fees	Section 2.	Items 5 and 7
g. Compliance with standards and policies/Operating Manual	Section 5.	Items 8 and 11
h. Trademarks and proprietary	Section 4.	Not applicable

OBLIGATION		SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	information		
i.	Restrictions on products/services offered	Not applicable.	Not applicable
j.	Warranty and customer service requirements	Not applicable.	Not applicable
k.	Territorial development and sales quotas	Section 5.	Item 12
l.	Ongoing product/service purchases	Not applicable.	Not applicable
m.	Maintenance, appearance and remodeling requirements	Not applicable.	Not applicable
n.	Insurance	Not applicable.	Not applicable
o.	Advertising	Not applicable.	Not applicable
p.	Indemnification	Not applicable.	Not applicable
q.	Owner's participation/ management/ staffing	Not applicable.	Not applicable
r.	Records and reports	Not applicable.	Not applicable
s.	Inspections and audits	Not applicable.	Not applicable
t.	Transfer	Section 7.	Item 17
u.	Renewal	Not applicable.	Not applicable
v.	Post-termination obligations	Section 4.	Item 17
w.	Non-competition covenants	Not applicable.	Not applicable
x.	Dispute resolution	Not applicable.	Not applicable
y.	Guaranty	Not applicable.	Not applicable

ITEM 10. FINANCING

We do not offer direct or indirect financing; however, to facilitate the sale of an Underperforming Restaurant (please see Note 1, Item 6 above), we provided financing to a franchisee, which purchased the Underperforming Unit, for a portion of the purchase price (as further described below). Although we don't anticipate providing any further financing in connection with the sale of an Underperforming Restaurant, it may occur. We do not guarantee your notes, leases or obligations. We may, however, introduce you to banks with whom we have had prior dealings, have ourselves obtained financing, or with whom we may have a relationship. You should consider these lenders only as financing alternatives, and you are under no obligation to finance through any lender. We do not receive direct or indirect payments or benefits for placing financing.

Penn Station Realty - Free-standing Stores:

Our affiliate, PS Realty, has, in the past, acquired and developed, but does not actively acquire and develop, free-standing Restaurants. It leased the land, the building shell, and, in some cases, certain interior improvements to our franchisees. The purchase, construction, and leasing of Restaurant sites by PS Realty was not generally offered to all franchisees.

~~As discussed in Item 8 above, we do not sell, or allow the relocation of, Penn Station franchises for locations where franchisees or their owners own the premises on which the Restaurant will be located unless either (i) the franchisee has obtained our prior approval under the circumstances described in Item 8 above or (ii) in the case of a free-standing Restaurant, PS Realty or another prior approved third party owns the land and building shell as described in Item 8 above. PS Realty, as stated above, is not actively acquiring and developing free-standing Restaurants~~. We have not in the past received, and, were we to refer a franchisee to PS Realty, we would not receive, any payment from PS Realty for referring to it any locations on which free-standing Restaurants may be built.

A copy of the lease that PS Realty uses to lease a free-standing Restaurant (referred to in this disclosure document as the "Free-Standing Store Lease") is attached as Exhibit F to this disclosure document. PS Realty's use of the Free-Standing Store Lease is currently limited to new leases for existing free-standing Restaurants. Monthly rent will be a stated flat amount that is increased on January 1st of each year by 2.5% (as compounded by previous increases) (Free-Standing Store Lease, Section 3.1). PS Realty will set your stated rent amount before you sign a Free-Standing Store Lease based on the amount of capital PS Realty has invested in the free-standing Restaurant, its obligations under the Free-Standing Store Lease, the cost of its capital, and taxation. These costs will obviously vary based on the size and location of the premises, the condition of the building and improvements on the premises, and economic conditions at the time. The terms of the Free-Standing Store Lease include: (i) a $10,000, non-interest bearing security deposit (Free-Standing Store Lease, Section 3.3.1); (ii) a requirement that your owners personally guaranty the lease obligations (Free-Standing Store Lease -- last page) unless you are leasing the premises under a new lease after the expiration of the first 20 year term lease with PS Realty unless you (A) are leasing the premises under a new lease after the expiration of the first 20-year term lease you had with PS Realty, and (B) are not the assignee of the immediately previous tenant; (iii) a requirement that you pay all taxes, common area/subdivision/easement fees and charges, utilities, insurance and maintenance (other than those repair and maintenance obligations for which PS Realty has responsibility under the Free-Standing Store Lease) pertaining to the premises (Free-Standing Store Lease, Sections 3.3, 5.1, 5.3, 6, 7.1, 7.2 and 9); (iv) the exclusion of any warranty from PS Realty with respect to the merchantability or condition of or fitness of the leased premises for the purpose intended (Free-Standing Store Lease, Section 4.4); (v) a requirement that you indemnify PS Realty (Free-Standing Store Lease, Section 11); (vi) a requirement that you pay PS Realty's attorneys' fees and court costs if a collection action is necessary (Free-Standing Store Lease, Section 12.2.1); (vii) PS Realty's right to collect 6 months of rent if the Free-Standing Store Lease is terminated in addition to all unpaid amounts (including back rent) under the Free-Standing Store Lease and any costs to repair the premises and to evict you (Free-Standing Store Lease, Section 12.2.1); (viii) a cross default provision so that if the applicable Franchise Agreement is in default or terminated, the Free-Standing Store Lease is in default (Free-Standing Store Lease, Sections 12.1.4, 12.1.8); and (ix) PS Realty's right to assign the Free-Standing Store Lease (including as a result of any financing of the leased premises (Free-Standing Store Lease, Section 16.2)).

The Free-Standing Store Lease contains waivers of defenses with respect to the payment of rent (Free-Standing Store Lease, Section 18) and other customary waiver provisions (Free-Standing Store Lease, Sections 9.3, 21.2). You do not have the right to terminate the Free-Standing Store Lease before the expiration of the term or to purchase the leased premises. The term of the Free-Standing Store Lease is 20 years subject to an earlier termination based on a termination (including expiration or non-renewal) of the applicable Franchise Agreement (Free-Standing Store Lease, Section 17). As part of any mortgage financing PS Realty may engage in, PS Realty would collaterally assign the Free-Standing Store Lease to its mortgage lender. If PS Realty

should default under its mortgage, PS Realty's lender (or some other buyer of the property) may become the landlord of the leased premises. Until then, PS Realty will have all obligations under the Free-Standing Store Lease.

Underperforming Restaurant:

In 2017, we financed 72% of the purchase price paid to the seller to consummate the purchase of a then Underperforming Restaurant with a loan by us to the purchasing franchisee. The interest rate per annum was the then applicable annual, short-term federal rate of interest in that instance and at that time (it is ~~0.25~~0.11% per annum for ~~May~~March, ~~2020~~2021). Interest was payable annually. The original period of repayment of the financing was approximately 27 calendar months, which was subsequently extended. No collateral was provided to us to secure the financing. An owner of the franchisee personally guaranteed to us the financing we provided. The obligation to us is prepayable without any penalty. The franchisee signed a promissory note, and the guarantor signed a guaranty. If the franchisee defaults under its obligations to us, pursuant to the terms of the promissory note signed by the franchisee, (i) we can (a) accelerate the entire amount owed to us and bring a lawsuit to collect the obligations from the franchisee and the guarantors and (b) declare a default of, and terminate, the Franchise Agreements between us and the franchisee and (ii) we can seek court costs and attorney's fees from the franchisee and guarantors to collect the amounts owed to us. When originally ~~occurred~~incurred, the obligation to us was potentially cancellable by the franchisee under limited circumstances. Under the terms of the promissory note signed by the franchisee, the franchisee and guarantors waived demand, presentment, protest and notice of dishonor, notice of protest, notice of default, suretyship defense and the right to a trial by jury. It is not our expectation to provide financing in this context in many other, if at all, circumstances involving an Underperforming Restaurant.

Sale or Assignment of Notes:

Because we do not directly or indirectly provide financing (other than in connection with an Underperforming Restaurant described above), we have no past or present practice and no intent to sell, assign or discount to a third party any agreement or instrument executed by you and delivered to us or any agreement or instrument executed and delivered to us in connection with an Underperforming Restaurant described above. Please see the discussion above for assignments by PS Realty of the Free-Standing Store Lease.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Penn Station Restaurant, we will:

(1) Provide reasonable assistance to you regarding your selection of the site of your Penn Station Restaurant, but we do not select the site. See under the heading "Location Selection" below for more details regarding site selection. We do not own any of the locations where our franchisees have their Restaurants although our affiliate, PS Realty, owns some free-standing Restaurant sites. See Items 8 and 10 for more details regarding free-standing Restaurants where PS Realty owns and leases Restaurant locations to franchisees. (Franchise Agreement, Section 1.3; Multi-Unit Agreement Section 5; Territory Reservation Letter Section 5). We do not provide legal or other advice or assistance generally to you in negotiating the lease of your site other than we provide general, non-binding guidance on certain lease terms that, in our experience, have been included in leases agreed to by franchisees, including general, non-binding guidance on the economic terms of leases agreed to by franchisees.

(2) Make available to you the name of approved authorized architects and the Construction Guidelines. See Items 6 and 8 for more details regarding the architectural and construction process. We will provide advisory assistance to you in the construction of each of your Penn Station Restaurants as we determine is reasonably required of us in addition to any items on the Opening Checklist. (Franchise Agreement, Section 1.3.2). We generally do not provide assistance to you in conforming your site to local ordinances and building codes nor in obtaining any required permits. We are not responsible for constructing, remodeling or decorating your Restaurant location.

(3) Provide you the names of approved authorized suppliers, and, to the extent available, written specifications for restaurant equipment, food inventory, supplies and certain services through our Operating Manual Outernet (that is accessible by franchisees) or in other writings. See Item 8 for more details. We don't deliver, inspect, or install any Restaurant Operational Items or any Restaurant Improvements. (Franchise Agreement, Section 4.1.3).

(4) Provide the applicable training program (described later in this Item 11) to (a) you (if you are a sole proprietor), your first Managing Owner and first Operations Director (if you are a corporation or a limited liability company), (b) your first General Manager of your first Restaurant if, at the time, you have signed a Multi-Unit Agreement, and (c) your first General Manager if, at the time, you only own a single Restaurant. , and (b) your first Designated Owner (Franchise Agreement, Section 4.1.2).

(5) Provide assistance to you when you hire and train your first crew of employees who will assist in the operation of your Restaurant. Our on-site assistance is usually for two or three to four days before opening and is provided in an amount that we determine is reasonably required of us during the first week of operation. (Franchise Agreement, Section 4.1.2).

(6) Loan to you: (i) one copy of our Operating Manual, General Manager Training Program, and Accounting Manual Manual (which is returned to us after training verification is complete), Managing Owner Training Program Manual (which is returned to us after training verification is complete), POS Manual, and Accounting Manual, and (ii) one copy per Restaurant of our Hourly Employee Training Manual, after you sign the Franchise Agreement and provide access to other Penn Station materials through the Penn Station Website Outernet that is accessible by franchisees. (Franchise Agreement, Sections 4.1.5, 7.1, 8.1.1, 9.2.1).

(7) Permit you to use the Marks and trade secrets designated by us to be used as part of the Penn Station system so long as you use these Marks and trade secrets strictly in accordance with the terms of your Franchise Agreement. (Franchise Agreement, Section 1.1).

(8) Furnish additional advice, counseling and management assistance as you reasonably request and as we determine is reasonably required of us under the circumstances. (Franchise Agreement, Section 4.1.4).

We generally do not provide equipment, signs, fixtures, opening inventory or supplies directly, but we are in the practice of providing you with written specifications and the names of approvedauthorized suppliers offering these items.

Obligations During Operation of the Franchised Business

During the operation of your Restaurant, we will:

(1) Continue to provide the assistance described in paragraphs 3, 6, 7, and 8 above.

(2) Provide the applicable training program (described later in this Item 11), on payment to us of our applicable training fee (or, as applicable, per diem verification fee) then in effect, to (i) any replacement individual franchisee (sole proprietor), any replacement Managing Owner or Operations Director and (ii) any General Manager if you own only one Penn Station Restaurant. If you own more than one Restaurant, weand (ii) any replacement Designated Owner. We will verify your training of any General Manager. If the General Manager is a replacement General Manager, then or Operations Director, and you must pay to us the per diem verification fee then in effect. (Franchise Agreement, Sections 4.1.2 and 5.1.1).

(3) Perform periodically Performance Evaluations of your Restaurant (Franchise Agreement, Section 5.1.4). Perform periodically a review of our products and services. If our efforts lead to any new developments to the Penn Station system and we elect to implement these new developments in your Restaurant, then we will provide you with these new developments. (Franchise Agreement, Section 4.1.6).

(4) Provide you with assistance, as we determine is reasonably required of us under the circumstances, in relocating your Penn Station Restaurant site under the circumstances specified in your Franchise Agreement. (Franchise Agreement, Section 1.4). We will provide on-site assistance when you re-open at the relocated site. Our on-site assistance is usually for two or threeto four days before opening and is provided in an amount that we determine is reasonably required of us during the first week of operation. (Franchise Agreement, Section 1.4.3).

(5) Require P.S. National Fund to use the funds collected from you for any system advertising, marketing, promotional, and public relations activities that we and P.S. National Fund may implement pursuant to your Franchise Agreement. (Franchise Agreement, Section 9.4).

(6) Use reasonable efforts to protect our Marks from infringement. (Franchise Agreement, Section 6.3).

(7) Provide information to you, at your request, to help you determine the prices you charge for products and services offered for sale at your Restaurant. You are not in any way obligated to accept any of our price advice or guidance except to the extent the law allows us to do so. You have the sole right to determine the prices you charge at your Penn Station Restaurant for the products and services you are required to sell except to the extent the law allows us to determine matters of price; however, our Operating Manual requires that your menu be presented in a certain manner which may affect how you can set prices. For example, sandwich toppings cannot be separately priced nor can you charge for sales of tap water. (Franchise Agreement, Section 11).

Following the opening of your Restaurant, we, although not obligated to do so by your Franchise Agreement or any other agreement, will be in periodic contact with you to discuss general problems in the operation of your Restaurant detected as part of our Performance Evaluations and new developments.

Advertising Programs

~~Beginning in 2020 and thereafter,~~In 2020, P.S. National Fund ~~will manage~~began managing the gift card program and ~~operate~~operating the national fund for, and ~~implement~~implementing, the system advertising, marketing, public relations, loyalty and promotional programs and materials and other activities that we and P.S. National Fund believe will enhance the image of the Penn Station system (*See* Note 4 of Item 6 above). Every franchisee is a member of P.S. National Fund so long as the franchisee operates at least one Penn Station Restaurant and is in good standing with us. We will also be a member of P.S. National Fund so long as we operate at least one Restaurant. Each member of P.S. National Fund has one vote per Penn Station Restaurant owned who is current in his or her national fund payments and is otherwise in good standing with us. P.S. National Fund is governed by an Advertising Committee that is elected by the members of P.S. National Fund at its annual meeting. There are four Advertising Committee members, two of whom must be officers of Penn Station and two of whom must be members of the Franchisee Advisory Council. The officers of P.S. National Fund, the President, Treasurer and Secretary, are appointed each year by the members of P.S. National Fund's Advertising Committee at the first meeting following the annual meeting of its members. P.S. National Fund has Articles of Incorporation and a Code of Regulations. A majority of the members of the Advertising Committee must vote in favor of any amendments to these governing documents, but it requires the vote of at least sixty-six and two-thirds percent (66 2/3rds %) of the voting members to dissolve P.S. National Fund. Although we formed P.S. National Fund, we do not have the right unilaterally to change or dissolve P.S. National Fund. We do have the unilateral right to withdraw our delegation of any or all of the duties we have delegated to P.S. National Fund at our option and begin maintaining the national fund and the gift card program again or to delegate them to another person or firm. Prior to the formation of P.S. National Fund, we maintained the national fund and consulted with the Franchisee Advisory Council on our advertising.

We hired an outside, local advertising agency to produce System advertising, marketing and promotion for ~~2019,~~2020, and we and/or P.S. National Fund may do so again in ~~2020.~~2021. The outside agency may subcontract with various local firms to complete aspects of the work. For ~~2020,~~2021, portions of the national fund will be used to pay for media placement for local markets (including on an individual Restaurant basis in any local markets as determined by P.S. National Fund), regional markets or on a national basis as designated by P.S. National Fund in its sole judgment in each instance in consultation with us. In addition, the cost of media placement is accomplished through advertising cooperatives (see below) or by our franchisees on an individual Restaurant basis in their respective advertising markets. Where regional markets have advertising cooperatives, P.S. National Fund may elect to pay the portions of the national fund that it has designated for system advertising for that region directly to the advertising cooperative pursuant to its advertising program approved by us.

We will make the regular and catering menu template commissioned by the national fund available at no cost to franchisees when a new Restaurant is opened or remodeled. We also will provide franchisees with access to marketing tools and templates through our franchisee Intranet (from which franchisees can create posters and other point of sale materials). When new marketing campaigns are developed, we post those materials on the franchisee Intranet. Creating materials from our Intranet will be at your cost.

System advertising may be disseminated through various types of media approved by us and as finally implemented by P.S. National Fund, including print, radio, network and cable television, the world wide web (or other e-commerce), Electronic Media Sites, and mobile channels (including text messaging, mobile sites and

mobile applications). Coverage of the media selected and purchased by P.S. National Fund or by our franchisees (or by advertising cooperatives) is local, regional, or national in scope.

P.S. National Fund will direct, maintain, and administer the national fund for system advertising (whether on a local, regional or national basis, including on an individual Restaurant basis in any local markets as determined by P.S. National Fund in consultation with us) with sole discretion over the media used (once the particular media has been approved by us) and the placement (if any) and the allocation of funds among them. As owner of the Penn Station Marks, we will have complete control over how our Marks are depicted and advertised, including the advertising concepts and materials to be used by P.S. National Fund.

The Franchisee Advisory Council serves in an advisory capacity only, providing franchisee perspectives on a wide range of system matters, including advertising. We have the right to form, change and dissolve the Franchisee Advisory Council at our option. Council members are selected by franchisees at the annual franchisee meeting on the basis of one vote per Penn Station Restaurant owned. There are five Council members. The officers of the Franchisee Advisory Council, the President and Secretary, are appointed each year by the members of the Franchisee Advisory Council at the first meeting following the annual meeting of franchisees. The Franchisee Advisory Council has written Bylaws. Two members of the Franchisee Advisory Council will be on the Advertising Committee of P.S. National Fund.

System advertising (whether on a local, regional or national basis), the object of the national fund, is intended to maximize general public recognition, acceptance, and use of the Penn Station system. Neither we nor P.S. National Fund is obligated, in administrating the national fund, to make expenditures from the fund that are equivalent or proportionate to your contribution or to ensure that you benefit directly or proportionately from expenditures by the national fund or to spend money on advertising in the local or regional market of your Restaurants. As a result, P.S. National Fund may make expenditures for advertising in any market area (whether on a local, regional or national basis, including on an individual Restaurant basis in any local markets as determined by P.S. National Fund in consultation with us) in the Penn Station system without spending an equivalent amount on advertising in your local or regional market. We reserve the right to terminate the national fund.

The national fund (including earnings on it) will be used exclusively to meet the cost of preparing, maintaining, administrating, directing, purchasing and conducting advertising, marketing, public relations and promotional programs and materials and any other activities that we and P.S. National Fund believe will enhance the image of the Penn Station system (whether on a local, regional or national basis, including on an individual Restaurant basis in any local markets as determined by P.S. National Fund in consultation with us), including, for example, the costs of preparing, placing and conducting media advertising campaigns; direct mail, broadcast or print advertising; engaging advertising or public relation agencies to assist with system advertising; producing and purchasing promotional items and food photography; outdoor advertising materials; any Penn Station Electronic Media Program; producing and maintaining an Electronic Media site for us to the extent we attribute the benefit of that page to system advertising; certain gift card administrative costs; certain Loyalty Program (if implemented) costs; certain Web Ordering System costs; marketing surveys; public relations activities and events; visual merchandising, point of sale, and other merchandising programs; certain marketing costs with third-party delivery services; developing a mascot; and providing promotional and other marketing materials and services to the Penn Station Restaurants operating under the system. Neither we nor P.S. National Fund can make any assurances that the expenditure of funds for system advertising will be effective or successful. The national fund may not be used to defray any of our operating expenses except expenses and overhead we and P.S. National Fund incur in administering, directing and implementing system advertising, marketing, and promotional activities, including the costs of personnel, legal and accounting fees, and taxes. Except as described in the preceding sentence, we receive no payment from the national fund.

P.S. National Fund will maintain separate bookkeeping and bank accounts for the national fund. There is not an audit *per se* of the expenditures from the national fund although P.S. National Fund, at its option, may make an annual, non-certified audit of the expenditures and receipts of the national fund by an independent certified public accountant it selects. If P.S. National Fund undertakes an audit, it will make it available to you on your request. The expense of the audit will be charged to the national fund. At the annual meeting of franchisees, we currently provide an unaudited summary of receipts and disbursements of the national fund to franchisees and will request P.S. National Fund to do the same. Other than as described above in this paragraph, neither Penn Station nor P.S. National Fund prepares or disseminates financial statements for the national fund. Neither we nor P.S. National Fund has any fiduciary responsibilities or duties arising out of the national fund.

~~The national fund~~You are required to make payments to P.S. National Fund to fund the national fund. See Items 6, 8, and 9 above with regard to the amount and timing of your contribution. The national fund also has been funded, in part, through monies provided by suppliers of products and services to Penn Station Restaurants arising from those vendors being chosen by Penn Station to be an ~~approved~~authorized supplier to Penn Station's franchisees and System ("Supplier Funds"). ~~You are required to make payments to us to fund the national fund. On a monthly basis, we remit those national fund payments to P.S. National Fund. See Items 6, 8, and 9 above with regard to the amount and timing of your contribution.~~ We are under no obligation to contribute the Supplier Funds to the national fund, but have chosen to do so in the past and may in the future. We pay national fund fees on the same basis as established for franchisees for our company-owned Restaurant.

For ~~2019,~~2020, approximately ~~50~~84% of the monies contributed to the national fund were spent on ~~production, 47% on~~ media placement (including Penn Station Electronic Media Program), 11% on production, and ~~3~~5% on administrative expenses of system advertising. Zero (0)% of advertising undertaken by the national fund was used principally to solicit new franchisee sales for ~~2019.~~2020. All of the monies in the fund at the end of ~~2019~~2020 were carried over to calendar year ~~2020~~2021 and contributed to P.S. National Fund, to be held in the national fund for ~~2020~~2021 and used for national fund purposes.

You are free to prepare your own advertising and promotional materials and to contract with any advertising firms; however, as discussed in Item 8 above, we have the right to approve all advertising and promotions in advance, and we will own all rights to any advertising and promotional materials you prepare.

National funds not spent in the fiscal year received are carried over (net of any taxes or legal or accounting expenses) and spent in the next fiscal year.

Advertising Cooperatives

If we or a majority of our franchisees in your geographic area determine that an advertising cooperative should be formed, then you must participate in the advertising cooperative and pay your required contribution to the cooperative~~.~~ (Franchise Agreement, Section 9.3). We have the right, in our discretion, to designate any geographical area for purposes of establishing an advertising cooperative. Currently, Penn Station uses the Designated Market Areas as defined by Nielsen Holdings plc, which is a nationally recognized television ratings services, for establishing advertising cooperatives. We will, if we own any company-owned Restaurants in your geographic area, be a member of the cooperative to the same extent as you. We do not have controlling voting power in any advertising cooperative.

Currently, there are three advertising cooperatives, one for each of the following areas: Greater Cincinnati, Ohio; Greater St. Louis, Missouri – western Illinois; and Greater Indianapolis, Indiana. The current rules of the Cincinnati cooperative require that each cooperative member pay 1.0% of the member's monthly Net sales to the cooperative's advertising fund, the St. Louis cooperative's current rules require a payment of 2.0% of Net sales, and the Indianapolis cooperative currently requires each member pay 2.50% of Net sales,

which fees are uniformly imposed. See Item 6 above. We have the right to ~~approve~~consent to the amount of the contributions made by the cooperatives members to the cooperatives' advertising funds (Franchise Agreement, Section 9.3.2). Neither we nor any affiliate receives any payment from the advertising cooperatives for providing any goods or services to it. There are also three informal, voluntary advertising cooperatives, one for the Greater Dayton, Ohio area, one for the Greater Louisville, Kentucky area and one for the Ft. Wayne, Indiana area. These three informal, voluntary advertising cooperatives do not operate pursuant to any written rules; however, the Dayton members and the Ft. Wayne members have agreed to contribute 1.0% and 2.0%, respectively, of the member's monthly Net sales to fund advertising in their respective geographic markets, and the Louisville members have agreed to contribute money to pay expenses as they are incurred to fund advertising in its geographic market.

Once formed, the advertising cooperative is governed by the by-laws, rules, and regulations adopted by the franchisees who are members (referred to in this disclosure document as "Co-op By-Laws"). There are elected officers who govern the advertising cooperative and administrate the advertising fund. As of the date of this disclosure document, all advertising cooperatives operate on the basis of one vote for each Penn Station franchise included within the cooperative. The Co-op By-Laws must be in writing and are available for your review. You must follow all Co-op By-Laws. If the members are unable to agree on the Co-op By-Laws, we may impose Co-op By-Laws that in our experience work for other cooperatives. We have never exercised this right because the cooperative has been self-sufficient. If a dispute exists among the advertising cooperative members and, in Penn Station's judgment, a deadlock or a substantial disagreement exists among the members as to how to run the advertising cooperative, Penn Station reserves the right to resolve the dispute or to dissolve the cooperative and form a new cooperative or cooperatives among the members of the former cooperative.

We don't require the advertising cooperative to prepare annual or periodic financial statements, but we believe that the cooperative prepares this information and that it is available to members of that cooperative.

If disputes among members cannot be amicably resolved, we reserve the right to resolve the dispute or dissolve the cooperative and form another one.

Neither Penn Station nor P.S. National Fund uses any advertising funds for advertising that is principally to solicit franchisees. We have no obligation to spend any amount on advertising in the area or territory where your Restaurants are located or participate in any other advertising fund.

Computer System

You must purchase ~~up to two~~and maintain a complete North Key point-of-sale ~~systems~~system, which ~~include printers and modems~~meets our current specifications, for your Restaurants (Franchise Agreement, Section 1.3.2). The North Key point-of-sale system is a computer system that North Key Systems Inc. (referred to in this disclosure document as "North Key") is continuing to develop. The cost of the North Key point-of-sale system is approximately $~~9,605,~~9,185, including required software and a $1,500 licensing fee but excluding an optional $1,000 installation fee. In addition to the SonicWALL Router (described below), there is a required maintenance program for the North Key point-of-sale system software. There is no required maintenance program for the hardware, including any monitors, CPUs, printers, or modems for the North Key point-of-sale system nor does the required maintenance program for the North Key point-of-sale system cover any hardware items. Contact North Key or any vendor of any hardware that comprises the North Key point-of-sale system for exact pricing for those optional maintenance contracts to the extent they are available.

As described above, you must obtain and maintain at all times a monthly service and support arrangement from North Key for the software that operates the North Key point-of-sale system. The monthly cost of that service is currently a minimum of $75 per Penn Station Restaurant and includes: maintenance and

updates for North Key POS Software, nightly backup, telephone support, online reporting to Penn Station and access to TeamPenn.com. North Key may require a minimum commitment period of three months from you and that your commitment be for all of your Restaurants that use the North Key point-of-sale systems. North Key currently offers certain discounts for multiple Restaurants or for advance payment or for other reasons in its discretion. Beyond the monthly software service and support arrangement from North Key described above, neither we nor the vendor of the software or hardware are required to provide ongoing maintenance, repairs, upgrades or updates.

To support your point-of-sale system, you must purchase the SonicWALL Router, and the annually renewed managed security and support and maintenance contract for the software that operates the router for each of your Restaurants. None of the hardware that comprises the router is covered by that maintenance contract. The SonicWALL router is a security appliance designed to control the flow of data in and out of the North Key point-of-sale system. The SonicWALL Router, including three years of a gateway security suite of software products and one year of retail support services, is currently $2,022. The SonicWALL Router can only be purchased from Cerdant, Inc. The contract for retail support services provided by Cerdant, Inc. must be annually renewed and is approximately $495 per year. You must also purchase and maintain a gateway security suite of software products for the SonicWALL Router (after the expiration of the initial license period for that software which is included when the SonicWALL Router is first purchased). The cost of that gateway security suite of software products is currently $462.54 per Penn Station Restaurant and is currently payable annually. These costs may increase in the future. Beyond the annual contract for managed software security and support and gateway security suite of software products provided by Cerdant, Inc., neither we nor the vendor of the software or hardware applicable to the router are required to provide ongoing maintenance, repairs, upgrades, or updates.

You may be required by virtue of changes to our Operating Manual or Construction Guidelines to upgrade your point-of-sale system so that it, among other things, performs more functions, and you have a computer in your Restaurant. We have the right to require you to upgrade your point-of-sale system up to 4 times during the entire term of your Franchise Agreement (assuming your Franchise Agreement remains in existence for 20 years); however, as described below, we have the right to require you to update your point-of-sale system for data security reasons as often as is required by the credit, debit or other card associations or applicable governmental authorities. We decide the scope of the general upgrade to your point-of-sale system. You must complete your general point-of-sale system upgrade within 60 days after we deliver to you a request for an upgrade. (Franchise Agreement, Section 5.1.4).

In addition to the general upgrade of your point-of-sale system noted above, we have the right to require you to update your point-of-sale system each time a credit, debit or other card association, card processing entity or data security standards entity, governmental authority or the vendor of the operating system for the point-of-sale, communication and information systems (including hardware and software) utilized in the Restaurant imposes any new or additional data security requirements that affect your point-of-sale system together with any required upgrade of the operating system as a result of the operating system of the point-of-sale, communication and information systems being no longer supported by the vendor (whether in whole or in part for security purposes). The scope of these updates will be dictated by the card associations, your card processer, the government or the vendor of the operating system. Accordingly, there are no limitations in the Franchise Agreement on your obligation to upgrade for security purposes. You will complete the upgrade within the time frames required by the card associations, the government, or the vendor of the operating system. It is your obligation to ensure that your point-of-sale system meets applicable data security standards imposed by the card associations, any governmental authorities, and your insurers.

Your point-of-sale system will be used to store all sales data and time and attendance information for store employees, including historical information. It provides a monthly report that compiles all sales

information into categories. We obtain a copy of this report remotely (as described below) from the North Key point-of-sale system. (Franchise Agreement, Sections 3.2 and 8.1.2). Additionally, depending on options selected, the North Key point-of-sale system may store the following additional data: food inventory; invoices for cost of goods; and certain other cost information. We must have independent access to your point-of-sale system when we make our periodic visits or inspect your Restaurant. We can cause a report to be run for the sales for that day and cause the other reports required to be delivered to us to be run. (Franchise Agreement, Section 5.1.4). We also review the monthly reports that you must to deliver to us. We have implemented a system which gives us independent access (polling) to all daily and periodic sales, costs, financial and other data (other than any employee personnel records, including payroll records) collected by your Restaurant's point-of-sale system directly from our headquarters via an electronic link between our computers and your point-of-sale system (Franchise Agreement, Section 5.1.4). There are no contractual limitations as to our right to access this information and data from your point-of-sale system except we will not electronically poll your system during business hours or any employee personnel records, including payroll records (Franchise Agreement, Section 5.1.4). All data (other than any credit, debit, or other card data or any employee personnel records, including payroll records) provided by you, downloaded from your point-of-sale system or other computer systems, and otherwise collected from your other computer system(s) is and will be owned exclusively by us, and we will have the right to use all of that data in any manner that we consider appropriate without compensation to you. (Franchise Agreement, Section 5.1.4).

Other than as described above, you are not required to purchase or use an electronic cash register or a computer system in the operation of your Penn Station Restaurant. Please see Item 8 regarding general restrictions on the Restaurant Operational Items, which includes the point-of-sale system.

Operating Manuals

As described above, we provide to you on loan a Penn Station Restaurant Operating Manual. Our Operating Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we require in the operation of a Penn Station Restaurant. We have the right to modify our Operating Manual periodically and to supplement it with periodic bulletins. Our Operating Manual is confidential and is our proprietary property. Our Operating Manual is simply loaned to you, and you must return it to us on the expiration or termination of your Franchise Agreement for any reason. You must treat it confidentially. Our Operating Manual currently contains ~~122~~120 total pages, and the following is the Table of Contents of our Operating Manual and the number of pages devoted to each subject:

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The following version of the Operating Manual that currently contains 110 total pages is provided to those Penn Station Restaurants that have not yet updated their menu. The following is the Table of Contents of such Operating Manual and the number of pages devoted to each subject:

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General Manager Training Program

As described above, we provide to you on loan a Penn Station Restaurant General Manager Training Program Manual. Our General Manager Training Program Manual contains instructions on the training of your General Manager. We have the right to modify our General Manager Training Program Manual periodically and to supplement it with periodic bulletins. Our General Manager Training Program Manual is confidential and is our proprietary property. Our General Manager Training Program Manual is simply loaned to you, and you must return it to us on the expiration or termination of your Franchise Agreement for any reason. You must treat it confidentially. Our General Manager Training Program Manual currently contains 33 total pages, and the following is the Table of Contents of our General Manager Training Program Manual and the number of pages devoted to each subject:

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As described above, we provide to you on loan a Penn Station Hourly Employee Training Manual for each Restaurant that you operate. Our Hourly Employee Training Manual contains instructions on the training of your hourly employees. We have the right to modify our Hourly Employee Training Manual periodically and to supplement it with periodic bulletins. Our Hourly Employee Training Manual is confidential and is our proprietary property. Our Hourly Employee Training Manual is simply loaned to you, and you must return it to us on the expiration or termination of your Franchise Agreement for any reason. You must treat it confidentially. Our Hourly Employee Training Manual currently contains 78 total pages, and the following is the Table of Contents of our Hourly Employee Training Manual and the number of pages devoted to each subject:

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Location Selection

You are granted a Penn Station franchise for a specific site. If you sign a Territory Reservation Letter, the Territory Reservation Letter will set a date certain by when you must locate ~~an approved~~a site for your Restaurant~~.~~ subject to Penn Station's prior consent. The Multi-Unit Agreement will set certain dates by when you must locate sites and be "under construction" (as defined in the Multi-Unit Agreement). You are responsible for selecting your site, but we have the ultimate right to decide whether to ~~approve~~consent to or disapprove of any site. You must complete our Site Selection Analysis and Request for Site ~~Approval~~Authorization forms, that are in effect at the time you are seeking our ~~approval of~~consent to your site, and deliver to us supporting demographic information. In addition, you must complete our Lease Checklist, that is in effect at the time you are seeking our ~~approval of~~consent to your site, and deliver to us a copy of your proposed lease before you may sign it. The factors we consider in granting ~~approval~~consent or disapproval of any site include population density, median income and other demographic information considered relevant by us, pedestrian and automobile traffic, exposure, accessibility, square footage of the proposed site, interior layout, market value of the property and/or lease terms, neighboring communities and businesses, whether the landlord will sign our Lease Addendum, the proximity of the site to any other Penn Station Restaurant (whether owned by you, us, or another franchisee), and any other factors we consider material under the circumstances. For franchisees who have not signed a Multi-Unit Agreement, there are no time limits on us to ~~approve~~consent to or disapprove a site. Under the terms of the Multi-Unit Agreement, we must give you written notice of our ~~approval~~consent or disapproval, as applicable, of your proposed site within 30 days after receiving your proposed site request. We will not be treated, however, as approving your proposed site simply because we do not respond within 30 days of your request. If you do not locate ~~an approved~~a site, consented to by us, or do not otherwise meet your development schedule by the date in your Multi-Unit Agreement, we can exercise all our rights, including our right to reduce the number of Restaurants you have the right to open under the Multi-Unit Agreement, accelerate your development schedule, reduce or terminate the Development Territory, retain the entire Territory Fee, and/or terminate your Multi-Unit Agreement. If you do not locate ~~an approved~~a site, consented to by us, or do not otherwise meet your obligation to obtain financing by the date specified in the Territory Reservation Letter, we can terminate the Territory Reservation Letter, keep the Site Reservation Fee, and sell or establish a franchise or company-owned Restaurant within the area that is the subject of the Territory Reservation Letter. You must have located ~~an approved~~a site, consented to by us, before we will sign a Franchise Agreement. If you have not located ~~an approved~~a site, consented to by us, we will not sign a Franchise Agreement with you. We will establish a date in the Multi-Unit Agreement and in each of your Franchise Agreements by when you must lease the site under an ~~approved~~authorized lease. If you do not have an ~~approved~~authorized lease for the site by the 60th day after the required date in the applicable Franchise Agreement or satisfy the other requirements of the Multi-Unit Agreement, if applicable, with regard to the schedule required to open each of the particular Restaurants, then we can exercise all of our rights, including terminating the applicable Franchise Agreement and the Multi-Unit Agreement.

Typical Length of Time Before Operation

We estimate that the typical length of time between (a) the earlier of (i) the signing of your Franchise Agreement and (ii) the first payment of any consideration and (b) the opening of your Penn Station Restaurant is (on average) two to six months. Factors affecting the length of time usually include how quickly a location can be acquired (in the case of a free-standing restaurant), leased and constructed (which necessarily involves delays

caused by governmental authorities, third party suppliers and contractors, weather conditions, and negotiations with landlords), delivery of equipment, your financing arrangements, hiring a crew, and the time ~~you (if an individual franchisee),~~ the Managing Owner, Operations Director, and any General Manager need to wind up any current business or employment.

Training ~~Program~~Programs

We will provide ~~a~~the applicable training program (collectively referred to in this disclosure document sometimes as the "Training Program") for each of your (a) ~~an individual franchisee (sole proprietor), (b) the Managing Owner and Operations Director of any franchisee which is a corporation or a limited liability company, (c) your General Manager if you own a single Restaurant, and (d) your first General Manager if, at the time of training, you own more than one Restaurant or have signed a Multi-Unit Agreement~~ Managing Owner and (b) Designated Owner. Our Training Program will be provided at your cost to any replacement ~~individual franchisee (sole proprietor), any replacement~~ Managing Owner~~, Operations Director, and any~~ or replacement ~~General Manager if you own a single Restaurant.~~ Designated Owner.

The ~~Training Program~~training program for Managing Owners ~~and Operations Directors will be~~(the "Managing Owner Training Program") is modeled after the training program ~~we provide~~ for General Managers ~~and our individual franchisees~~. The Managing Owner Training Program will involve on-site training at a Restaurant located in Cincinnati, Ohio or one or more other Restaurants located in other cities or states. This initial portion of the Managing Owner Training Program will last approximately four weeks and run between 8 to 12 hours a day and must be completed ~~two to~~ three to four weeks before the opening of your Restaurant. The second portion of the Managing Owner Training Program will be as part of the on-site assistance we provide at the opening of your Restaurant. Our on-site assistance will start approximately two ~~or three~~to four days before opening. It will continue during your first week of operations for a period of time that we consider is reasonably required of us under the circumstances. Our training of any replacement ~~individual franchisee (sole proprietor),~~ Managing Owner~~, Operations Director, and General Manager~~ will be similar although it may not involve training in a Restaurant that is getting ready for opening. See the table below for more details about our Managing Owner Training Program. We currently provide the Managing Owner Training Program as often as is required under the circumstances. You bear the entire travel cost of ~~yourself (individual franchisee) and of~~ the Managing Owner~~, Operations Director, and General Manager~~ to and from the location of the Managing Owner Training Program and all living expenses (and salary and benefits) while ~~they are~~the Managing Owner is attending the Managing Owner Training Program. See Item 6 above.

The training program for Designated Owners (the "Designated Owner Training Program") will be a high-level, overview of the Managing Owner Training Program, an introduction to the various departments of Penn Station, a discussion of franchisee best practices, and a limited in-store training session overview training program. The Designated Owner is required to complete the Designated Owner Training Program before the opening of your first Restaurant. Your Designated Owner will be required to attend a minimum of three and up to five days of training at a Restaurant and our headquarters, both of which will be located in Cincinnati, Ohio. We currently provide the Designated Owner Training Program as often as is required under the circumstances. You bear the entire travel cost of the Designated Owner to and from the location of the training and all living expenses (and salary and benefits) while the Designated Owner attends training.

Our Training Program is mandatory for ~~(a) an individual franchisee (sole proprietor), (b) the General Manager if you own a single Restaurant and, if you own multiple Restaurants or have signed a Multi-Unit Agreement, your first General Manager, and (c) in the case of a franchisee which is a corporation or a limited liability company, the~~your (a) Managing Owner and ~~the Operations Director~~(b) Designated Owner. If, after the date of your Franchise Agreement, a new person, with our consent, becomes or replaces the Managing Owner~~, the Operations Director (including any person who replaces the Managing Owner in his capacity as the~~

~~Operations Director), or a General Manager (if you own a single Restaurant) or the Restaurant is transferred to a new individual franchisee (sole proprietor)~~ or the Designated Owner, then this new person must complete our Training Program. In addition, if, after the date of your Franchise Agreement, a new entity becomes, with our consent, the new "franchisee" based on a transfer of your Penn Station franchise, then the new franchisee must pay our training fee for any required training of the Managing Owner and the Designated Owner of that new franchisee. The Managing Owner and the Designated Owner must complete the required training to our sole satisfaction.

The Managing Owner or, with our permission, an Operations Director of a multiple unit franchisee must train all ~~replacement~~ General Managers~~ and all General Managers for all new Restaurants (after the first Restaurant)~~ in accordance with a training program ~~approved~~consented to by us. The Managing Owner must train all Operations Directors in accordance with a training program consented to by us. We will verify the training the Managing Owner ~~or Operations Director~~ provides to a General Manager and an Operations Director (unless the applicable Operations Director has previously completed training as a General Manager) of a multiple unit franchisee. If we determine, as part of the verification process, that the General Manager or an Operations Director needs additional training, we may require you, at your cost, to send the General Manager and/or an Operations Director to a designated Restaurant for additional training. You must pay to us our per diem fee for each day that the General Manager or an Operations Director receives additional training from us. You bear the entire travel cost of the General Manager and any Operations Director to and from the location of the training and all living expenses (and salary and benefits) while the General Manager ~~attends his training. An individual franchisee (sole proprietor), the Managing Owner~~ and Operations Director ~~of a franchisee which is a corporation or a limited liability company, and each General Manager must complete the required training to our sole satisfaction~~attends his or her training.

Since 2011, the Training Program has been under the supervision of Mr. R. Lance Vaught, Senior Vice President of Operations. Mr. Vaught, in one capacity or another with us, has provided training to franchisee since December, 2006. Mr. Vaught's length of experience in franchisee training is ~~13~~14 years~~, 3 months~~ as of the date of this disclosure statement.

Mr. Vaught is assisted by Mr. Matt Hoffman who ~~has~~became Director of Training on January 1, 2020 and previously served as our Training Coordinator since January, 2014. Mr. Hoffman joined Penn Station on February 13, 2012 and has held various management roles at our training location, as well as having served as on-sight opening support for new franchisees. Mr. Hoffman's length of experience in franchisee training is ~~8~~9 years~~, 1 month~~ as of the date of this disclosure statement. Mr. Hoffman earned his BBA in Marketing from Ohio University.

Mr. Will Whitworth is Penn Station's Training Store General Manager. Mr. Whitworth has been with us since October 1, 2016. Mr. Whitworth assists Mr. Hoffman in hands-on training of franchisees at the store level. Mr. Whitworth's length of experience in franchisee training is ~~3~~4 years~~, 6 months~~ as of the date of this disclosure statement. Mr. Whitworth studied at The University of Cincinnati.

Mr. Nicholas Ernst joined Penn Station on January 4, 2021 as our Field Training Associate. Nick assists Matt Hoffman in the execution of the initial training of a franchisee and supports the franchisee in their execution of the Finial Training Sessions prior to the opening of their first restaurant. Mr. Ernst earned his BSE in Sports Industry from The Ohio State University.

Additional training staff, experienced in the food industry and with the Penn Station system, will assist with training and with the certain phases of the on-site assistance we provide in conjunction with opening your Restaurant. The instructional materials used for the Training Program include the Operating Manual,

Accounting Manual, General Manager Training Program Manual, Store Opening Checklist, and various forms and sample documents.

There is no additional charge for the Training Program except that if, after the date of your Franchise Agreement, a new person, with our consent, becomes or replaces the Managing Owner~~, the Operations Director (including any person who replaces the Managing Owner in his capacity as the Operations Director), or a General Manager (if you own a single Restaurant)~~ or the Designated Owner, then you must pay directly to us our training fee ~~which~~that is then in effect. See Item 6 above. ~~In addition, if, after the date of your Franchise Agreement, a new person or entity becomes, with our consent, the new "franchisee" based on a transfer of your Penn Station franchise, then the new franchisee must pay our training fee which is then in effect with regard to each new individual franchisee (sole proprietor), Managing Owner, Operations Director, and General Manager. There is no additional charge for the Training Program that we provide to your first General Manager if you own multiple units or have signed a Multi-Unit Agreement; however, for~~For any replacement General Manager or Operations Director, however, you have to pay to us our per day training fee in effect at the time of training to verify the training of the replacement General Manager or Operations Director. We do not charge to verify the training you provide to the ~~first~~ General Manager of each new Restaurant you open who will be the on-site operator.

MANAGING OWNER TRAINING PROGRAM

As of the end of our last fiscal year ended December 31, ~~2019,~~2020, our Managing Owner Training Program was as follows:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location[(1)]
Operating Manual Explanation	10-12 hours	None	Designated Restaurant/Penn Station Corporate Office
Reporting and Bookkeeping	6-8 hours	10-12 hours	Designated Restaurant/Penn Station Corporate Office
Procedural Sheets	1 hour	3-5 hours	Designated Restaurant/Penn Station Corporate Office
Company Policies; Franchise Requirements	2-3 hours	2-3 hours	Designated Restaurant/Penn Station Corporate Office
Employee Orientation, On-Site Assistance	1-2 hours	20-50 hours	Designated Restaurant/Penn Station Corporate Office
Final Training Session(s)	1-2 hours	32-48 hours	Designated Restaurant/Penn Station Corporate Office
Use of Equipment	1 hour	14-19 hours	Designated Restaurant/Penn Station Corporate Office
Product Preparation and Demonstration	2-3 hours	120-160 hours	Designated Restaurant/Penn Station Corporate Office
Physical Plant Maintenance	1 hour	1-2 hours	Designated Restaurant/Penn Station Corporate Office

Notes:

(1) The majority of training will be conducted at a Restaurant in Cincinnati, Ohio. Under certain circumstances, however, we may elect to hold training in another Restaurant or at Penn Station's corporate office.

~~An individual franchisee, the~~The Managing Owner ~~and Operations Director of a franchisee which is a corporation or a limited liability company, and any General Manager of your Restaurant~~of a franchisee (or, in his or her absence, the Designated Owner), must attend, at your expense, the ~~applicable~~ annual ~~meetings~~, general meeting of all Penn Station franchisees~~.~~ (Franchise Agreement, Section 5.1.11). There is a fee you must pay to us which is associated with ~~any of those persons~~the Managing Owner (or, in his or her absence, the Designated Owner), missing any portion of the required annual meetings (see Item 6 of this disclosure document). ~~At these~~

In addition to the annual, general meeting of all franchisees that your Managing Owners must attend, your Managing Owner, Operations Director and General Manager(s) must attend our annual summary meeting. At these annual summary meetings, we will review your annual performance evaluation and explain annual changes in our Operating Manual and the Penn Station system. After the annual summary meetings (or before to the extent we have sent notice of the changes before the meeting), you must begin following the new changes in our Operating Manual. We will notify you in advance of the specific time, place and date of the annual summary meetings.

We may offer additional training programs and seminars dealing with new techniques, management strategies and changes to the Penn Station system. These courses may be optional or required and may be given at our headquarters in Cincinnati, Ohio. There will be no fee charged by us for these courses although we may ask for reimbursement of our cost of course materials. You must bear the entire cost of travel for ~~yourself (individual franchisee),~~ the Managing Owner, ~~the~~ Operations Director, Designated Owner and any General Manager to and from these training courses and all living expenses (including salaries and benefits) while attending the courses.

ITEM 12. TERRITORY

Territory Reservation Letter

Your Territory Reservation Letter, if applicable, will describe the area (the "Reservation Area") in which you will have the right to seek our ~~approval of~~consent to the specific site for your Restaurant. Before signing the Territory Reservation Letter, we will negotiate with you the size and boundaries of that Reservation Area which will be generally based on street boundaries or natural boundaries. The specific location of your Restaurant will be established by the process outlined in the Territory Reservation Letter and in the Franchise Agreement. Under the terms of the Territory Reservation Letter, we offer you an exclusive territory to the extent that we agree not to either (i) operate a company-owned Penn Station Restaurant or (ii) grant to another person or entity a Penn Station franchise within the Reservation Area unless (a) you do not meet your deadline set out in the Territory Reservation Letter or you are in default of your other obligations in the Territory Reservation Letter, any of your Franchise Agreements or any other agreement signed by you and Penn Station or its affiliates or advertising cooperatives, or (b) the Territory Reservation Letter is no longer in effect (*e.g.,* the Territory Reservation Letter has expired). If you are in default of the Territory Reservation Letter, any of your Franchise Agreements or any other agreement signed by you and Penn Station or its affiliates or advertising cooperatives, we, among other remedies, may terminate the Territory Reservation Letter and retain the entire Site Reservation Fee.

Multi-Unit Agreement

Your Multi-Unit Agreement will describe the Development Territory within which you will have the right to purchase a specific number of Penn Station franchises. Before signing the Multi-Unit Agreement, we will negotiate with you the size and boundaries of the Development Territory which will be generally based on street boundaries or natural boundaries or a radius around a particular geographic point or points. The specific location of each of your Restaurants will be established by the process outlined in the Multi-Unit Agreement and in the individual Franchise Agreements. Under the terms of the Multi-Unit Agreement, we offer you an exclusive territory to the extent that we agree not to either (i) operate company-owned Penn Station Restaurants or (ii) grant to another person or entity a Penn Station franchise within the Development Territory unless (a) you do not meet your development schedule set out in the Multi-Unit Agreement or you are in default of your other obligations in the Multi-Unit Agreement, any of your Franchise Agreements or any other agreement signed by you and Penn Station or its affiliates or advertising cooperatives, or (b) the Multi-Unit Agreement is no longer in effect (*e.g.,* the Multi-Unit Agreement has expired or the agreed-on number of Restaurants have been opened by you). If you are in default of the Multi-Unit Agreement, any of your Franchise Agreements or any other agreement signed by you and Penn Station or its affiliates or advertising cooperatives, we, among other remedies, may reduce the number of Penn Station franchises you can purchase under the Multi-Unit Agreement, retain the entire Territory Fee, accelerate your development schedule, reduce or terminate the territory protections you have in the Multi-Unit Agreement, and/or simply terminate the Multi-Unit Agreement.

Franchise Agreement

Your Penn Station franchise, and your right to operate your Penn Station Restaurant, is specifically limited to the site established under the terms of your Franchise Agreement and the Multi-Unit Agreement. Under the terms of your Franchise Agreement, we offer you an exclusive territory to the extent that we agree not to either (i) operate company-owned Penn Station Restaurants or (ii) grant to another person or entity a Penn Station franchise within, either case, an area encompassed within a radius of one mile around the site of your Restaurant (referred to in this disclosure document as the "Restricted Territory") unless (a) you are in default of your obligations under your Franchise Agreement or under any other agreement between you and us pertaining to the Restaurant or (b) the Franchise Agreement is no longer in effect.

There is no minimum sales quota under the Franchise Agreement. You maintain your Restricted Territory even if the population increases. If you are in default of your Franchise Agreement or under any other agreement between you and us pertaining to your Restaurant, we have the option to terminate your Franchise Agreement, including the right to terminate your Restricted Territory.

Relocation

There are limited grounds for the relocation of the site of your Penn Station Restaurant other than as originally established under your Franchise Agreement. These limited grounds are generally described below. The relocation site may only be at a location ~~approved~~consented to by us pursuant to your Franchise Agreement and which, among other things, (i) is not within the Restricted Territory under the terms of any other Franchise Agreement between you and us, (ii) is not within the territory restricted under the terms of any other franchisee's franchise agreement in effect at the time of relocation, (iii) is in an area in which we, at the time of relocation, are granting Penn Station franchises, and (iv) is not within the Development Territory of any other franchisee. See Items 10 and 11 above. There can be no assurance that you will be able to relocate within the Restricted Territory originally established under your Franchise Agreement, the Development Territory originally established under the Multi-Unit Agreement (if applicable) or anywhere else; however, if the relocation site has been ~~approved~~consented to by us and leased by you pursuant to your Franchise Agreement, the new Restricted Territory will be a one mile radius around the relocation site. The criteria that we use to decide whether you can relocate your Restaurant are summarized as follows: (a) the lease for your Penn Station Restaurant premises

expires or is terminated unless termination of the lease results from your default under the lease, (b) the Restaurant location is destroyed, condemned or otherwise rendered untenable by casualty such that a Penn Station Restaurant cannot be operated (and which gives rise to your right to terminate the lease for the premises), or (c) if you reasonably determine in good faith that the continued operation of your Restaurant will impose on you a substantial economic hardship and you're able to terminate your lease unilaterally. The terms of relocation are more specifically described in Section 1.4 of your Franchise Agreement, including signing an amendment to the affected Franchise Agreement and the payment to us of a $2,500 relocation fee. See Item 6 of this disclosure document. If you relocate your Restaurant, you must de-image the old site as a Penn Station Restaurant, and you may not sell any property which constitutes our trade dress. We have the sole right to declare whether a change of premises constitutes a relocation for purposes of the Franchise Agreement.

You may solicit, sell and deliver products at your Penn Station Restaurant to customers who reside outside of your Restricted Territory and, if applicable, your Development Territory but who dine at or carry-out or receive deliveries from your Restaurant. You are not required to pay any compensation to other franchisees for any of these sales. Similarly, you will not derive any compensation from any sales made by us or any other franchisees at our or our other franchisee's Penn Station Restaurants to customers who reside within your Restricted Territory or, if applicable, your Development Territory.

You do not have any rights of first refusal or similar rights to acquire additional Penn Station franchises within your Restricted Territory or in any contiguous territories. Except for the specific number of Penn Station franchises to be located within the specific Development Territory under the terms of your Multi-Unit Agreement (if applicable), you do not have any rights of first refusal or similar rights to acquire additional Penn Station franchises within your Development Territory or in any contiguous territories. Except for the specific Penn Station franchise to be located within the territory described in the Territory Reservation Letter (if applicable), you do not have any rights of first refusal or similar rights to acquire additional Penn Station franchises within the territory described in the Territory Reservation Letter (if applicable) or in any contiguous territories.

We retain the rights in your Franchise Agreement and the Multi-Unit Agreement to, among others: (i) grant other Penn Station franchises and licenses for our Marks in addition to those franchises and licenses already granted, (ii) sell products and services ourselves under our Penn Station Marks in any context or channel of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, and (iii) develop and establish other systems (referred to in this disclosure document as "Other Systems") within your Restricted Territory or, as applicable, the Development Territory without providing you any rights in these Other Systems; however, none of these Other Systems may be a restaurant concept that features as the primary menu items, Philadelphia-style cheesesteaks and submarine sandwiches (whether using the Penn Station Marks or other marks), unless (1) you are in default of your obligations under your Franchise Agreement or under any other agreement between you and us pertaining to your Restaurant or (2) the Franchise Agreement is no longer in effect.

In the past, we granted franchises for Henny O'Rourkes chicken-breast fillet sandwiches using a similar business system as Penn Station franchises. We discontinued that franchising effort in 1991. See Item 1 above.

Although we or they may do so, neither Penn Station nor any affiliate currently operates, franchises, or has present plans to operate or franchise a business under a different trademark that sells products or services similar to those offered by Penn Station Restaurants.

ITEM 13. TRADEMARKS

We grant to you the right to use certain of our Marks so long as those Marks are used strictly in accordance with your Franchise Agreement. The following are the principal trademarks and service marks licensed by us under the Franchise Agreement that have been registered with The United States Patent and Trademark Office on the principal register (referred to in this Item 13 as our "Marks"): Penn Station Steak & Sub® and design service mark which was registered with The United States Patent and Trademark Office on November 10, 1987, Registration Number 1,465,001; the Penn Station® service mark, Registration Number 2,037,288, which issued on February 11, 1997; "It's All About Good Taste"® trademark Registration Number 2,507,920 which issued November 13, 2001; the Penn Station, East Coast Subs® and design service mark, Registration Number 2,689,989, which issued on February 25, 2003; the Penn Station® trademark, Registration Number 4,346,536, which issued on June 4, 2013; the Penn Station® service mark, Registration Number 4,533,314, which issued on May 20, 2014; the Penn Station® service mark, Registration Number 4,617,019, which issued on October 7, 2014; the Penn Station East Coast Subs® (Stylized) service mark, Registration Number 4,971,740, which issued on June 7, 2016, and PS…Penn Station East Coast Subs (Stylized Rectangular Design), Registration Number 5,673,128 which issued on February 12, 2019. We have filed all required affidavits and renewals for each of the Marks to have a currently effective registration.

We have been using several new principal Marks that are re-stylizations of the Penn Station, East Coast Subs® marks and that are licensed by us under the Franchise Agreement. However, we will continue to use the Marks on a basis determined by us from time to time until all Penn Station Restaurants have had the opportunity to transition to these new principal Marks.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, nor any pending material litigation against our Marks. In addition, there are no agreements currently in effect which significantly limit our right to use or license the use of our Marks in any manner material to your Penn Station franchise.

Under your Franchise Agreement, you must notify us of any use of or claim of right to (i) any mark, name, logo or other commercial symbol licensed to you, (ii) any of our copyrighted materials, or (iii) any method of operation identical or confusing similar to the Penn Station system. You must also notify us of any litigation involving these matters of which you have knowledge. We have the right, but not the obligation, to take those actions that we deem necessary or appropriate with regard to any infringement of our Marks or any of our copyrighted materials. Accordingly, we are not obligated under your Franchise Agreement or any other agreement to take specific action against the alleged infringing user when notified by you of a claim involving our Marks or any of our copyrighted materials. If we exercise our option to take action, we would control solely any litigation and take any other actions regarding the litigation as we decide is appropriate.

You must cooperate fully in defending or settling any litigation involving our Marks. As long as you have made use of our Marks as is required under the Franchise Agreement, we, at our expense, will defend you from claims brought against you based on our infringement of any copyright, trademark, or other protected proprietary rights owned or controlled by any third party. Our defense is subject to the limitations imposed under your Franchise Agreement. We will control solely any litigation and take any other actions regarding the litigation as we decide is appropriate.

Your Franchise Agreement does not provide you any rights should we require you to modify or discontinue using our Marks or any of our copyrighted materials as a result of a proceeding or settlement.

Your Franchise Agreement requires you, at our request, to refurbish, remodel and update the Franchised Premises at your expense to conform to certain changes we have made to the design and specifications of Penn Station Restaurants, including, for instance, changes in trade dress or presentation of the Marks.

You agree under your Franchise Agreement not to contest the validity or ownership of our Marks or our copyrighted materials either during or after the term of your Franchise Agreement.

We do not actually know of any superior prior rights or infringing uses that could materially affect your use of our Marks.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have any pending patent applications nor own any right in any patents or registered copyrights that are material to the Penn Station franchise. We do own proprietary rights (including copyrights) in our Operating Manual, General Manager Training Program Manual, Hourly Employee Training Manual, Managing Owner Training Program, Accounting Manual, POS Manual, and in a number of our processes used in the Penn Station system, the use of which is franchised to you pursuant to your Franchise Agreement. Our proprietary information includes, by way of illustration, recipes, food preparation and presentation methods, customer information and data (marketing), merchandising techniques, cost containment programs, operational systems, and other proprietary information that we communicate to our franchisees pertaining to the Penn Station system. We also claim unregistered copyrights in various advertising, slogans, artwork, designs and materials used in connection with our Marks or the operation of Penn Station Restaurants. We also claim ownership of any domain, page, handle, channel or account names for Electronic Media Sites which relate or are similar, in our judgment, to any of our Marks.

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

~~Individual Franchisee (sole proprietor):~~

~~If you are an individual franchisee, who is operating your franchise as a sole proprietorship, our Franchise Agreement requires you to (i) devote your full-time and energy to the operation of your Penn Station Restaurant, and (ii) except as discussed below regarding the use of a General Manager, personally provide direct, on-premises supervision of the operation of your Penn Station Restaurant. If you use a General Manager, we must be satisfied with your ability to devote sufficient time supervising the General Manager. Whether you use a General Manager, you are still personally responsible for the operation of the Restaurant and must ensure on a full time basis that all obligations to us (including the requirements of your Franchise Agreement) are fulfilled. We enter into a Franchise Agreement with you in reliance on your personal qualifications and representations. We must be satisfied with the proximity of your principal residence to the location of your Restaurant. Because you must devote your full time and energy to the operation of your business, you may not have any other business interests except the ownership of less than 1% of the outstanding equity securities of any publicly held corporation.~~

~~Corporate or Limited Liability Company Franchisee:~~Managing Owner

~~If you are a corporation or a limited liability company, then our~~Our Franchise Agreement requires that you enter into a business relationship with a person who will become the Managing Owner. The Managing Owner will perform all overall management, marketing, administrative, and financial duties and tasks required to carry out your duties under your Franchise Agreement, including performing site-selection/acquisition and Restaurant construction tasks, supervising the Operations Director (if applicable), and undertaking the collection and completion of all of your internal accounting and financial information and all individual Penn Station Restaurant information (if you own more than one Restaurant). Unless Penn Station has ~~approved~~authorized your request to have a General Manager, the Managing Owner must personally perform the direct, on-premises supervision of the operation of your Penn Station Restaurant.

Based on our experience with managing owners, we will determine whether the proposed Managing Owner has the aptitude and ability to carry out all of the duties of someone who is the Managing Owner. Our determination will include evaluating the Managing Owner's previous restaurant and business experience, previous employment, and his or her management skills with regard to the operations of multiple units. We enter into a Franchise Agreement with you in reliance on the Managing Owner's personal qualifications and representations.

The Managing Owner must be an officer of your business enterprise, if officer titles exist for your business enterprise, have decision making authority in your business enterprise consistent with his or her duties under our Franchise Agreement and have an acceptable percentage ownership in your business enterprise because of the key role of the Managing Owner under the Franchise Agreement. The exact amount of ownership is flexible, but ~~we have the right to approve~~our consent may include a minimum amount of ownership, the timing of that ownership, and the distribution provisions, again because of the key role of the Managing Owner under the Franchise Agreement. In addition, depending on the ownership obtained by the Managing Owner, we may require that the Managing Owner's compensation arrangement be structured so that he or she is paid, as part of on-going compensation, a percentage of each Restaurant's monthly Operating Income (as defined in the General Manager Guidelines). The exact percentage of Operating Income is flexible, but ~~we have the right to approve~~our consent may include a minimum percentage and the timing of payment, again because of the key role of the Managing Owner under the Franchise Agreement. Before you make an offer to the Managing Owner, you must obtain our ~~approval of~~consent to the items described in this paragraph. You must submit to us for our ~~approval~~consent a written agreement between you and your Managing Owner that, among other things, provides for the Managing Owner's employment terms and ownership so that we can confirm compliance with the Franchise Agreement (referred to in this disclosure document as the "Managing Owner Agreement"). We won't require a Managing Owner Agreement if all of your owners are members of the Managing Owner's immediate family. After the Managing Owner Agreement has received our ~~approval~~consent, you must deliver to us a fully signed Managing Owner Agreement before the Managing Owner begins any duties for you.

At any time on and after the date when your second Restaurant is under construction (if we elect to sell you an additional Penn Station Franchise or you signed a Multi-Unit Agreement), we reserve the right, in our discretion, to require that the Managing Owner no longer be a General Manager for any Restaurant and function solely as the Managing Owner, in which case you must hire a new person (who is acceptable to us) to function as the General Manager for the applicable Restaurant. Any delay by us in requiring that the Managing Owner discontinue being a General Manager may not be treated as waiving, impairing, altering or in any way affecting our right at any time to so require the Managing Owner to discontinue being a General Manager.

The Managing Owner must devote his or her full time and energy to his or her duties, and acting in his or her capacity, as Managing Owner and to the operation of your business. In certain limited circumstances, and in our sole discretion, we may permit the Managing Owner to serve as the Managing Owner for multiple

corporate or limited liability company franchisees when those franchisees all have the same owners with the same ownership percentages. The proximity of the Managing Owner's principal residence to your Penn Station franchises must be of an acceptable distance. The Managing Owner may not have any other business interests other than (a) the ownership of less than 1% of the outstanding equity securities of any publicly held corporation without our prior consent and (b) with Penn Station's prior ~~approval~~consent and in its sole discretion, an ownership interest in another Penn Station franchisee.

None of your other owners may become Managing Owner unless (i) we consent after being given 60 days advance notice, (ii) the new person completes the Managing Owner Training Program to our satisfaction, (iii) you pay the training fee for the new person which is then in effect, (iv) we determine that the new person satisfies our criteria for Managing Owners in effect at the time of the proposed change, (v) we ~~approve~~consent to the Managing Owner Agreement before the Managing Owner begins his or her duties, (vi) the new person (a) personally guarantees your obligations under each Franchise Agreement between you and us and (b) agrees to be bound by the terrorism provisions (Franchise Agreement, Section 5.1.5), the authority to use images, addresses, and biographical material (Franchise Agreement, Section ~~5.5~~5.4), the right of first refusal provision (Franchise Agreement, Section 12.9), the confidentiality and non-compete provisions (Franchise Agreement, Section 15), electronic delivery provisions (Franchise Agreement, Section 20.3), and the forum selection and jury trial waiver provisions (Franchise Agreement, Sections 24.4 and 24.5) of each Franchise Agreement between you and us, and (vii) you comply with (a) all requirements in the Franchise Agreement pertaining to any ownership transfer involving the Managing Owner, including the payment to us of the applicable transfer fee, and (b) any other terms and conditions in the Franchise Agreement with respect to the new person who is proposed to become the Managing Owner, including Section 5.2.1 of the Franchise Agreement.

Operations Director

If we elect to sell to you five or more Penn Station Franchises (whether pursuant to the Multi-Unit Agreement or otherwise), then you are required, pursuant to the Franchise Agreement, to enter into a business relationship with one or more qualified people who will become an Operations Director or, at our option, to have a second Managing Owner. If required by us, the Operations Director will assist the Managing Owner in performing all overall day-to-day operational, management, and supervisory duties needed to operate a selected number of your Restaurants (which has been ~~approved~~consented to by us), including the hiring, training, termination, management and supervision of the General Managers for those Restaurants. The number of your Restaurants under the Operations Director's day-to-day supervision cannot change without our ~~approval~~consent.

Based on our experience with operations directors, we will consider your application to enter into a business relationship with the proposed Operations Director. Our consideration of your application will include evaluating the Operations Director's previous multiple unit restaurant experience, previous employment, and his or her management skills with regard to the operation of multiple units. We enter into a Franchise Agreement with you also in reliance on the Operations Director's personal qualifications and representations.

The Operations Director must have decision making authority in your business enterprise consistent with his or her duties under our Franchise Agreement. The Operations Director must either (i) be a voting owner of your business enterprise or (ii) have a compensation arrangement that is acceptable to us, in each case because of the importance of the role of the Operations Director under the Franchise Agreement. Should you choose to provide ownership, the exact amount of ownership is flexible, but ~~we have the right to approve~~our consent may include a minimum amount of ownership, the timing of that ownership, the price mechanism/formula used to transfer ownership, and the distribution provisions, again because of the importance of the role of the Operations Director under the Franchise Agreement. Should you choose not to provide ownership as of the date you hire the Operations Director, the required compensation arrangement must be structured so that the Operations Director is paid, as part of on-going compensation, a percentage of the monthly Operating Income

(as defined in the General Manager Guidelines) of each Restaurant that he or she directly supervises and be paid an annual bonus based on the Performance Evaluation score that each of the Restaurants receives. The exact percentage of Operating Income and the amount of the Performance Evaluation bonus is flexible, but ~~we have the right to approve~~our consent may include a minimum percentage, the amount of the Performance Evaluation bonus, and the timing of payment, again because of the importance of the role of the Operations Director under the Franchise Agreement. Before you make an offer to the Operations Director, you must obtain our ~~approval of~~consent to the items described in this paragraph so that we can confirm compliance with the Franchise Agreement. You must submit to us for our ~~approval~~prior consent a written agreement between you and your Operations Director that, among other things, provides for the Operations Director's employment terms and, if applicable, ownership, also so that we can confirm compliance with the Franchise Agreement (referred to in this disclosure document as the "Operations Director Agreement"). After the Operations Director Agreement has received our ~~approval~~consent, you must deliver to us a fully signed Operations Director Agreement before the Operations Director begins any duties for you.

The Operations Director must devote his or her full time and energy to the operation of your business. The proximity of the Operations Director's principal residence to your Penn Station franchises must be of an acceptable distance. The Operations Director may not have any employment or business interests other than his or her duties as Operations Director. An Operations Director must sign a confidentiality and non-compete agreement, the form of which is attached as an Exhibit to the Franchise Agreement.

No other person, including one of your owners, may become Operations Director unless (i) we consent after being given 60 days advance notice, (ii) the Managing Owner trains the new person ~~completes the Training Program~~ to our satisfaction, (iii) you pay the then current verification training fee for the new person, (iv) we determine that the new person satisfies our criteria for Operations Directors in effect at the time of the proposed change, (v) we ~~approve~~consent to the Operations Director Agreement before the Operations Director begins his or her duties, and (vi) you comply with (a) all requirements in the Franchise Agreement pertaining to any ownership transfer involving the Operations Director, including the payment to us of the applicable transfer fee, and (b) any other terms and conditions in the Franchise Agreement with respect to the new person who is proposed to become the Operations Director, including Section 5.2.2 of the Franchise Agreement.

Designated Owner

~~If you are a corporation or a limited liability company, then our~~Our Franchise Agreement may require that you designate one of your owners to be the Designated Owner to, among other things, perform oversight and supervision of the Managing Owner. The Designated Owner will be the person in your business enterprise to receive this disclosure document on behalf of you and all official communications from us. The Designated Owner will also be the liaison between us and your company, including with respect to the Managing Owner and Operations ~~Directors~~Director, your financial performance and the operational performance of your Restaurants. The Designated Owner must be an officer of your business enterprise, having decision making authority in your business enterprise consistent with his or her duties and must have ownership in your business enterprise at all times.

None of your other owners may become Designated Owner unless (i) we consent after being given 60 days advance notice, (ii) we determine that the new person satisfies our criteria for Designated Owners in effect at the time of the proposed change, (iii) the new person completes the Designated Owner Training Program to our satisfaction, (iv) you pay the training fee for the new person which is then in effect, (v) the new person (a) personally guarantees your obligations under each Franchise Agreement between you and us and (b) agrees to be bound by the terrorism provisions (Franchise Agreement, Section 5.1.5), the authority to use images, addresses, and biographical material (Franchise Agreement, Section ~~5.5~~5.4), the right of first refusal provision (Franchise Agreement, Section 12.9), the confidentiality and non-compete provisions (Franchise Agreement, Section 15),

electronic delivery provisions (Franchise Agreement, Section 20.3), and the forum selection and jury trial waiver provisions (Franchise Agreement, Sections 24.4 and 24.5) of each Franchise Agreement between you and us, and (~~iv~~vi) you comply with (a) all requirements in the Franchise Agreement pertaining to any ownership transfer involving the Designated Owner, including the payment to us of the applicable transfer fee, and (b) any other terms and conditions in the Franchise Agreement with respect to the new person who is proposed to become the Designated Owner, including Section 5.2.5 of the Franchise Agreement.

General Manager

~~If either you are an individual franchisee operating a single Penn Station Franchise or you are a franchisee which is a corporation or a limited liability company which owns only one Penn Station Restaurant, then you may elect to use a qualified General Manager to be the on-site supervisor of the operation of your Restaurant if you do not wish to do it yourself and we have approved your request.~~ If you own more than one Penn Station Franchise, then you must use a separate qualified General Manager to be the on-site supervisor of the operation of each of your Restaurants. You must comply with the Franchise Agreements and our General Manager Guidelines in selecting and hiring each of the General Managers. No General Manager may be hired by you unless our General Manager Guidelines and the Franchise Agreements have been complied with first. There is no requirement that a General Manager own any of your stock or other ownership interests. ~~Further, we require~~It is expected that you will pay the General Manager as his or her on-going compensation an amount equal to the sum of (i) a minimum, monthly salary amount plus (ii) 50% of the Operating Income (as defined in our General Manager Guidelines) of the Restaurant at which the General Manager worked minus a dollar amount based on an Overhead Percentage (as defined in our General Manager Guidelines) ~~acceptable to us~~. In addition, you must pay a General Manager a Performance Evaluation Bonus based on your Restaurant's Performance Evaluation score (all as defined in our General Manager Guidelines). Please refer to our General Manager Guidelines for more details about the Overhead Percentage~~. Before you make an offer to the General Manager, you must obtain our approval of the compensation terms of that agreement~~ and Performance Evaluation Bonus. In accordance with our General Manager Guidelines, you must enter into a written employment agreement with each General Manager~~, to be approved by us,~~ which would include a "confidentiality" covenant and "a covenant not to compete" as described in Item 17 of this disclosure document and in our General Manager Guidelines. The proximity of each General Manager's principal residence to his or her Restaurant must be of an acceptable distance.

You may employ other persons to assist you. Your assistants are not required to complete our training program.

Owners

All of your owners must sign the individual Franchise Agreements, agreeing to be bound by the terrorism provisions (Franchise Agreement, Section 5.1.5), the authority to use images, addresses, and biographical material (Franchise Agreement, Section ~~5.5~~5.4), the right of first refusal provision (Franchise Agreement, Section 12.9), the confidentiality and non-compete provisions (Franchise Agreement, Section 15), electronic delivery provisions (Franchise Agreement, Section 20.3), and the forum selection and jury trial waiver provisions (Franchise Agreement, Sections 24.4 and 24.5) of each Franchise Agreement. In addition, we may require that certain of your owners ~~(if you are a corporation or a limited liability company)~~, including those owners who have control of your business entity, personally guarantee all of the terms of each Franchise Agreement up to a dollar cap that is generally set at $250,000, which amount may be increased to $500,000 if you own ten or more Restaurants. A spouse of an owner who is required to sign a personal guaranty will not also be required to sign a guaranty unless that spouse is also an owner of the franchisee. The form of the guaranty is attached as Exhibit C to the Franchise Agreement.

The non-compete provisions are referenced in Item 17 below.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your Franchise Agreement provides that you must sell all of the products and provide all the services required by us to be sold as part of the Penn Station system and keep your Restaurant open and in normal operation at the times and dates described in our Operating Manual. You also are prohibited from offering or selling any products or services not ~~authorized~~approved by us and from using the Restaurant premises for any purpose other than the operation of a Penn Station Restaurant. You may only sell the products and provide the services sold and provided by a Penn Station Restaurant on a retail basis and in accordance with the procedures that we establish periodically in our Operating Manual. See Items 8, 9 and 12 above. We do not restrict the customers to whom you may sell these products and services. See Item 12 above. We reserve the right to establish maximum retail prices at which products and services are sold at a Penn Station Restaurant. Our Operating Manual requires that your menu be presented in a certain manner that may affect how you can set prices. For example, sandwich toppings cannot be separately priced nor can you charge for the sale of tap water.

You must offer to customers all new products and services that we periodically develop. When notified by us to do so, you must discontinue offering any services or products as soon as we notify you. There are no limits on our ability to make changes.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

TABLE - FRANCHISE AGREEMENT:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	Term is 5 years from date of Franchise Agreement. Term of the Free-Standing Store Lease is 20 years from date of the Franchise Agreement (Section 2 of Free-Standing Store Lease, Exhibit F), but franchise term remains 5 years.
b. Renewal or extension of the term	Section 2	If you are in good standing and your lease is in effect at the beginning of each new renewal term, you can add up to 3 renewal terms of 5 years each (15 additional years maximum).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Section 2	Renewal fee paid; no default existing; compliance during entire term with your Franchise Agreement and other agreements with us; existing leases in effect; sign the form franchise agreement then in effect; and sign a release of all claims against us. The term renewal means that the franchise relationship is extended for an additional term of years under our then current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
d. Termination by franchisee	Sections 1.3.5, 1.4, 13.5	If we default, you can terminate if we have not cured the default within 60 days after receiving notice unless cure takes longer than 60 days. You can terminate if you cannot lease your initial site within 60 days after the required date in the Franchise Agreement. You also have certain termination rights if certain events happen that give you the right to relocate under your Franchise Agreement.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3	We can terminate only if you are in default as defined in the Franchise Agreement.
g. "Cause" defined – curable defaults	Section 13.3	You have 30 days to cure: non-payment of sums due to us, non-compliance with our Operating Manual, Accounting Manual, or reporting obligations, or any other default not listed in Sections 13.1 and 13.2. You have 90 days to replace the Operations Director and the Managing Owner (with someone ~~approved~~consented to by us) if either of those persons do not pass the training course or cease acting in their positions so long as the Restaurant is operated in compliance in the interim. You have 7 days to cure an inadvertent loss of your corporate authority to transact business in a state.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	Sections 13.1, 13.2	Bankruptcy, insolvency, receivership; creditor actions; judgments; crimes; ~~unapproved~~unauthorized transfers of the Penn Station franchise or interests in your properties or ownership; the cessation of business operations; under-reporting; misuse of our Marks or copyrighted materials; dishonesty; trade secret violations; non-competition violations; failure to effect the required transfer following death or incompetence; commission of fraud or misrepresentation; making of false statements; repeated defaults even if cured; default of other agreements related to franchised business (exclusive of the Multi-Unit Agreement).
i. Franchisee's obligations on termination/non-renewal	Section 14	Obligations include complete de-identification, cessation of use of the Penn Station system and payment to us of amounts due, including damages, and non-disclosure of confidential information (see also r. below).
j. Assignment of contract by franchisor	Section 12.1	Person to whom we assign must assume our future obligations under your Franchise Agreement.
k. "Transfer" by franchisee - defined	Section 12.2	Includes any transfer of your franchise, Franchise Agreement or properties or ownership.
l. Franchisor's approval of transfer by franchisee	Sections 12.3, 12.4, 12.5, 12.6, 12.10	We have the right to consent to all proposed transfers but will not unreasonably withhold ~~approval of~~consent to certain transfers if all conditions are met.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Sections 12.3, 12.4, 12.5, 12.6, 12.10	For the sale of all of your properties (including your Penn Station franchise) or your entire ownership, the conditions include the absence of any default; new transferee and its owners qualify (including any new Designated Owner, Managing Owner or Operations Director and the satisfactory training of those persons); terms of purchase ~~approved~~and ownership and capital structure consented to; current Franchise Agreement signed; additional and/or replacement guaranties; our right of first refusal satisfied; and applicable transfer and training fees paid. For additions of new owners, the conditions include absence of any default; if new person qualifies (including satisfactory training for any new Managing Owner or Operations Director); no change of control of your ownership; our right of first refusal satisfied; and applicable transfer and training fees paid. For transfers among existing owners, the conditions include the absence of any default; no change of control of your ownership; no change of the person who is Designated Owner, Operations Director or Managing Owner; our right of first refusal satisfied; and applicable transfer and training fees paid (also see r. below). For transfers to other existing franchisees, the conditions include whether the Multi-Unit Guidelines have been met, the proximity of the other Restaurants being operated by the existing franchisee, the satisfactory performance of the other Restaurants being operated by the existing franchisee (and associated existing market opportunities), the length of time since the last purchase or new opening and the satisfactory assimilation or opening of those Restaurants, and the total number of Restaurants that will be operated by the existing franchisee.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.9	Penn Station can match any offer for your business or the properties or ownership interests being sold.
o. Franchisor's option to purchase franchisee's business	Section 14.8	On termination or expiration of your franchise, we can purchase all equipment, furniture, interior improvements, inventory, and supplies.
p. Death or disability of franchisee	Sections 12.7	Interests of the deceased or incompetent owner must be transferred by estate or representative to ~~an approved~~a buyer, consented to by us, and new Designated Owner (if applicable), new Managing Owner (if applicable) and new Operations Director (if applicable) must be selected within, in each case, 180 days of death or incompetence. An heir or personal representative may become the owner of the deceased or incompetent person's interests under certain conditions.
q. Non-competition covenants during the term of the franchise	Sections 15.1, 15.2, 15.3	No involvement by any of ~~an individual franchisee (sole proprietor),~~ the Managing Owner or the Operations Director in any business except your business and ownership of less than 1% of the stock of a public company. You may not have any interest in any business other than the ownership and operation of your Restaurants. Other owners may not have interests in other restaurant businesses which are concepts similar to a Penn Station Restaurant (except owning less than 1% of the stock of a public company).
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	No involvement (including after transfer) for 2 years in any business selling Philadelphia-style cheesesteak sandwiches or submarine sandwiches (in any combination) within a 5 mile radius from your Restaurant location or within a 5 mile radius from any other Penn Station Restaurant.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the agreement	Section 21.1	No modifications generally unless in writing signed by both parties, but Penn Station system, Operating Manual, Accounting Manual and other manuals subject to change by us as we see fit to do so.
t. Integration/merger clause	Sections 21.1, 21.2	Only the terms of your Franchise Agreement (including our Operating Manual) are binding (subject to state law). Any other promises or representations are unenforceable. Most recent Franchise Agreement governs any conflicts among terms of multiple Franchise Agreements then in effect. No claim made in any franchise agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 24.4	Litigation must be brought in Cincinnati, Ohio (subject to state law: see Addenda to Disclosure Document).
w. Choice of law	Section 24.1	Ohio law applies (subject to state law: see Addenda to Disclosure Document).

TABLE - MULTI-UNIT AGREEMENT:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
a. Length of the franchise term	Not applicable	Multi-Unit Agreement does not grant a franchise. See, however, Section 8 for the term of that agreement. Term depends on development schedule – negotiated.
b. Renewal or extension of the term	Not applicable	
c. Requirements for franchisee to renew or extend	Not applicable	
d. Termination by franchisee	Not applicable	
e. Termination by franchisor without cause	Not applicable	

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Sections 6, 8	We can terminate only if you are in default as defined in the Multi-Unit Agreement or if you transfer your Franchise Agreements.
g. "Cause" defined – curable defaults	Not applicable	
h. "Cause" defined – non-curable defaults	Section 6	Failure to meet development schedule; defaults under individual Franchise Agreements or related agreements; or defaults under any other agreement with Penn Station or its affiliates or advertising cooperatives.
i. Franchisee's obligations on termination/non-renewal	Not applicable	
j. Assignment of contract by franchisor	Section 11	Person to whom we assign must assume our future obligations under your Multi-Unit Agreement.
k. "Transfer" by franchisee - defined	Section 7	No right of Franchisee to transfer Multi-Unit Agreement.
l. Franchisor's approval of transfer by franchisee	Section 7	No right of Franchisee to transfer Multi-Unit Agreement.
m. Conditions for franchisor approval of transfer	Not applicable	
n. Franchisor's right of first refusal to acquire franchisee's business	See Franchise Agreement	
o. Franchisor's option to purchase franchisee's business	See Franchise Agreement	
p. Death or disability of franchisee	See Franchise Agreement	Pursuant to the contract and Penn Station's policies, rights under contract are not assignable upon your death or disability.
q. Non-competition covenants during the term of the franchise	See Franchise Agreement	
r. Non-competition covenants after the franchise is terminated or expires	~~See Franchise Agreement~~Sections 16 and 17	If the Multi-Unit Agreement expires or is terminated and you do not have an active Franchise Agreement with us in your development territory, then you may not have any involvement for 2 years in any business selling Philadelphia-style cheesesteak sandwiches or submarine sandwiches (in any combination) within your originally described development territory.

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
s. Modification of the agreement	Section 12	No modifications generally unless in writing signed by both parties.
t. Integration/merger clause	Section 12	Only the terms of your Multi-Unit Agreement and each Franchise Agreement are binding (subject to state law). Any other promises or representations are unenforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section ~~15~~19	Litigation must be brought in Cincinnati, Ohio (subject to state law: see Addenda to Disclosure Document).
w. Choice of law	Section ~~14~~15	Ohio law applies (subject to state law: see Addenda to Disclosure Document).

TABLE – TERRITORY RESERVATION LETTER:

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
a. Length of the franchise term	Not applicable	Territory Reservation Letter does not grant a franchise. See, however, Section 5 for the term of that agreement. Term depends on a deadline that is negotiated.
b. Renewal or extension of the term	Not applicable	
c. Requirements for franchisee to renew or extend	Not applicable	
d. Termination by franchisee	Not applicable	
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Sections 1,5	We can terminate if you are in default or if you do not locate ~~an approved~~a site, consented to by us, obtain a commitment for financing, and enter into a Franchise Agreement for the site by the agreed-upon deadline.
g. "Cause" defined – curable defaults	Not applicable	

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
h. "Cause" defined – non-curable defaults	Section 5	We can terminate if you are in default or if you do not locate ~~an approved~~a site, consented to by us, obtain a commitment for financing, and enter into a Franchise Agreement for the site by the agreed-upon deadline.
i. Franchisee's obligations on termination/non-renewal	Section 4	You agree to maintain the confidentiality of our confidential information.
j. Assignment of contract by franchisor	Section 7	Person to whom we assign must assume our future obligations under your Territory Reservation Letter.
k. "Transfer" by franchisee - defined	Section 7	No right of Franchisee to transfer the Territory Reservation Letter.
l. Franchisor's approval of transfer by franchisee	Section 7	No right of Franchisee to transfer Territory Reservation Letter.
m. Conditions for franchisor approval of transfer	Not applicable	
n. Franchisor's right of first refusal to acquire franchisee's business	See Franchise Agreement	
o. Franchisor's option to purchase franchisee's business	See Franchise Agreement	
p. Death or disability of franchisee	See Franchise Agreement	Pursuant to the contract and Penn Station's policies, rights under contract are not assignable upon your death or disability.
q. Non-competition covenants during the term of the franchise	See Franchise Agreement	
r. Non-competition covenants after the franchise is terminated or expires	See Franchise Agreement	
s. Modification of the agreement	Section 6	No modifications generally unless in writing signed by both parties.
t. Integration/merger clause	Section 6	Only the terms of your Territory Reservation Letter are binding regarding its subject matter (subject to state law). Any other promises or representations are unenforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this disclosure document.

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 10	Litigation must be brought in Cincinnati, Ohio (subject to state law: see Addenda to Disclosure Document).
w. Choice of law	Section 9	Ohio law applies (subject to state law: see Addenda to Disclosure Document).

ITEM 18. PUBLIC FIGURES

Penn Station does not use any public figure to promote its franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission'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.

Below are tables (referred to in this Item 19 as a "Unit Financial Data Document") of historical, financial data of ~~299~~301 Penn Station Restaurants (~~298~~300 franchised and one company-owned) (referred to in this disclosure document as "Units Open All Of ~~2019~~2020") that were in operation all of calendar year ~~2019.~~2020. The Unit Financial Data Documents are based on information for the calendar year ended December 31, ~~2019~~2020 and contain the annual averages, medians, highest and lowest, and the numbers and percentages of Restaurants attaining or surpassing the annual averages of Net sales, controllable costs, overhead costs, operating income, other costs, and EBITDA (as one or more of those terms are defined or appear in an applicable Unit Financial Data Document or in the notes that follow the Unit Financial Data Documents) of the Units Open All Of ~~2019.~~2020.

For the purposes of this Item 19, the one company-owned Restaurant is substantially similar to the Restaurants for which we are offering franchises in this disclosure document, and its services and products are the same as those to be offered and sold by franchised Restaurants. That one company-owned Restaurant is operated at a location and in a market similar to the locations and markets of our franchised Restaurants.

There were ~~8~~9 Restaurants that opened during ~~2019~~2020 that were not included in the Units Open All Of ~~2019.~~2020. No data from franchisees was excluded from this Item 19 as a result of termination or the closure of their Restaurants during their first year of operation.

The information we used to create the Unit Financial Data Documents is taken from monthly, unaudited, compiled operating income statements submitted by our franchisees to us (the "Franchisee Financial Statements") and from our books and records with respect to our one company-owned Restaurant. We required that the Franchisee Financial Statements be prepared by certified public accountants (or another accountant

selected by our franchisee to which we have acquiesced after receiving the franchisee's application to do so) under our Accounting Manual. We, however, have not separately verified the information in either the Franchisee Financial Statements or the Unit Financial Data Documents by, for example, auditing our franchisees' books and records or requesting our franchisees to provide us audited financial statements. Neither the Franchisee Financial Statements nor the Unit Financial Data Documents make all of the disclosures or expense accruals required, and neither of them present information in the format prescribed, by generally accepted accounting principles. For example, no expense item is shown in the Unit Financial Data Documents for a franchisee owner's salary, benefits or expenses, multiple unit overhead, interest, income taxes and debt service, or for non-cash items such as depreciation and amortization expense (except as those expenses are used to determine EBITDA (as that term appears in an applicable Unit Financial Data Document or in the notes that follow the Unit Financial Data Documents)) and organizational expenses. Moreover, certain expenses such as utilities, insurance, and personal property taxes are recorded on a cash versus an accrual basis. If the omitted disclosures or accruals were included or the financial information presented in the Franchisee Financial Statements or the Unit Financial Data Documents in a manner required by generally accepted accounting principles, the resulting changes might influence your conclusions. Accordingly, we do not make any representations and cannot give any assurances that the results reported in either the Franchisee Financial Statements or the Unit Financial Data Documents would be consistent with, or the same as, those which would result if generally accepted accounting principles were followed in the presentation of the information in the Franchisee Financial Statements and the Unit Financial Data Documents. We designed the Franchisee Financial Statements to present information in a form useful to us to measure the cash results from the operations of the Restaurants.

The Restaurants from which we gathered this information are substantially similar to the franchise being offered by this disclosure document. Written substantiation of the information contained in the Unit Financial Data Documents in the form of the Franchisee Financial Statements received by us is made available to you on your reasonable request. We, however, reserve the right to maintain the anonymity of our franchisees.

Some Penn Station Restaurants have earned this amount. Your individual results may differ.
There is no assurance that you will earn as much.

Other than the financial performance representation contained in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Craig N. Dunaway, 1226 US Highway 50, Milford, Ohio 45150, (513) 474-5957, the Federal Trade Commission, and the appropriate state regulatory agencies.

{the Unit Financial Data Documents follow this page}

ALL ~~298~~300 FRANCHISEE UNITS OPEN ALL OF ~~2019~~2020 (See the notes below)						
NET SALES (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
	~~1,695,861~~1,834,501	~~268,152~~222,053	~~657,561~~693,538	~~616,396~~647,214	~~129~~126	~~43.29~~42.00%
Controllable Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Food and Paper	~~410,204~~431,540	~~79,829~~63,932	~~166,367~~169,324	~~157,143~~157,554	~~128~~122	~~42.95~~40.67%
Wages	~~297,525~~327,769	~~66,004~~54,947	~~123,575~~127,888	~~115,305~~118,763	~~119~~124	~~39.93~~41.33%
Payroll Taxes	~~27,783~~29,815	~~5,882~~5,088	~~12,163~~12,149	~~11,590~~11,443	~~128~~125	~~42.95~~41.67%
Overhead Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Advertising	~~46,596~~38,352	~~2,722~~1,669	~~16,651~~15,522	~~15,950~~14,344	~~136~~131	~~45.64~~43.67%
Promotion and Discount	~~36,970~~32,372	~~4,510~~4,591	~~13,338~~12,472	~~12,339~~11,555	~~120~~123	~~40.27~~41.00%
Printing	~~2,457~~2,297	0	~~186~~233	~~30~~32	~~97~~99	~~32.55~~33.00%
Permits & Licenses	~~2,245~~2,858	0	~~530~~505	~~431~~474	~~111~~122	~~37.25~~40.67%
Maintenance & Repair	~~29,321~~34,069	~~2,353~~1,300	~~10,155~~10,196	~~9,608~~9,088	~~129~~113	~~43.29~~37.67%
Laundry & Uniforms	~~5,483~~7,127	~~416~~226	~~1,596~~1,830	~~1,459~~1,619	~~135~~129	~~44.85~~43.00%
Food Prep. Supplies	~~10,387~~18,676	0	~~1,009~~1,062	~~751~~657	~~109~~91	~~36.58~~30.33%
Utilities	~~31,052~~33,115	~~13,767~~11,063	~~20,725~~19,953	~~20,336~~19,501	~~131~~138	~~43.96~~46.00%
Royalty	~~102,364~~127,575	0	~~43,912~~47,328	~~43,069~~45,678	~~146~~141	~~48.99~~47.00%
Office Supplies	~~5,131~~3,972	0	~~648~~651	~~431~~478	112	~~37.58~~37.33%
Rent	~~112,372~~97,265	~~13,870~~14,004	~~45,578~~45,450	~~43,226~~43,307	~~133~~134	~~44.63~~44.67%
Accounting/Legal	~~13,460~~23,004	~~723~~0	~~4,557~~4,936	~~3,819~~4,430	~~113~~132	~~37.92~~44.00%
Delivery	63,320	0	9,465	7,971	120	40.00%
Technology	~~8,276~~6,299	~~894~~900	~~3,263~~3,376	~~3,089~~3,317	~~131~~141	~~43.96~~47.00%
Bank Service Charges	~~27,652~~30,223	~~4,822~~4,410	~~12,637~~12,996	~~12,144~~12,351	~~136~~134	~~45.64~~44.67%
General Insurance	~~8,792~~8,619	~~0~~(1,140)	~~2,590~~2,714	~~2,372~~2,509	~~115~~127	~~38.59~~42.33%
Personal Property Tax	~~6,389~~8,031	0	~~1,193~~1,207	~~1,140~~974	~~142~~119	~~47.65~~39.67%
Cash Short & Over	~~7,776~~3,405	~~(2,042~~7,298)	~~354~~286	~~190~~188	~~103~~118	~~34.56~~39.33%
Employee Benefits – Other	~~28,754~~26,481	~~(221~~141)	~~2,458~~2,857	~~516~~1,063	~~90~~98	~~30.20~~32.67%
Miscellaneous	~~18,650~~9,034	~~0~~(262)	~~876~~821	~~602~~696	~~105~~133	~~35.23~~44.33%
Operating Income (in dollar amounts)	~~686,966~~748,794	~~(38,911~~42,626)	~~173,088~~190,316	~~158,024~~169,200	~~131~~125	~~43.96~~41.67%
Other Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	

General Manager's Salary	~~174,604~~175,521	0	~~54,808~~60,268	~~53,189~~57,056	~~141~~134	~~47.32~~44.67%
General Manager's Payroll Tax	~~14,250~~13,640	0	~~4,559~~4,987	~~4,385~~4,824	~~143~~137	~~47.99~~45.67%
General Manager's Health Insurance	~~16,530~~21,944	~~1~~15	~~2,011~~2,070	~~207~~587	~~120~~117	~~40.27~~39.00%
Transfer & Training	~~8,480~~34,111	(~~18~~1,223)	~~613~~798	0	~~82~~59	~~27.52~~19.67%
Other Income/Expense	~~5,136~~3,456	(~~5,985~~121,723)	(~~241~~1,293)	0	~~235~~274	~~78.86~~91.33%
EBITDA (in dollar amounts)	~~494,985~~556,535	(~~62,665~~75,559)	~~111,339~~123,487	~~99,335~~101,256	~~133~~121	~~44.63~~40.33%

The notes below are an integral part of this Unit Financial Data Document.

~~1~~ COMPANY-OWNED UNIT OPEN ALL OF ~~2019~~2020 (See the notes below)						
NET SALES (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
	~~990,531~~1,107,810	~~990,531~~1,107,810	~~990,531~~1,107,810	~~990,531~~1,107,810	~~0~~1	~~0.00~~100.00%
Controllable Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Food and Paper	~~234,575~~253,912	~~234,575~~253,912	~~234,575~~253,912	~~234,575~~253,912	~~0~~1	~~0.00~~100.00%
Wages	~~159,467~~169,282	~~159,467~~169,282	~~159,467~~169,282	~~159,467~~169,282	~~0~~1	~~0.00~~100.00%
Payroll Taxes	~~14,553~~15,308	~~14,553~~15,308	~~14,553~~15,308	~~14,553~~15,308	~~0~~1	~~0.00~~100.00%
Overhead Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Advertising	~~23,817~~22,993	~~23,817~~22,993	~~23,817~~22,993	~~23,817~~22,993	~~0~~1	~~0.00~~100.00%
Promotion and Discount	~~19,583~~18,809	~~19,583~~18,809	~~19,583~~18,809	~~19,583~~18,809	~~0~~1	~~0.00~~100.00%
Printing	~~139~~79	~~139~~79	~~139~~79	~~139~~79	~~0~~1	~~0.00~~100.00%
Permits & Licenses	~~460~~478	~~460~~478	~~460~~478	~~460~~478	~~0~~1	~~0.00~~100.00%
Maintenance & Repair	~~12,872~~14,137	~~12,872~~14,137	~~12,872~~14,137	~~12,872~~14,137	~~0~~1	~~0.00~~100.00%
Laundry & Uniforms	~~1,262~~2,347	~~1,262~~2,347	~~1,262~~2,347	~~1,262~~2,347	~~0~~1	~~0.00~~100.00%
Food Prep. Supplies	~~746~~954	~~746~~954	~~746~~954	~~746~~954	~~0~~1	~~0.00~~100.00%
Utilities	~~24,773~~22,365	~~24,773~~22,365	~~24,773~~22,365	~~24,773~~22,365	~~0~~1	~~0.00~~100.00%
[Royalty]	~~79,218~~87,537	~~79,218~~87,537	~~79,218~~87,537	~~79,218~~87,537	~~0~~1	~~0.00~~100.00%
Office Supplies	~~495~~308	~~495~~308	~~495~~308	~~495~~308	~~0~~1	~~0.00~~100.00%
Rent	~~82,724~~84,419	~~82,724~~84,419	~~82,724~~84,419	~~82,724~~84,419	~~0~~1	~~0.00~~100.00%
Accounting/Legal	~~1,216~~1,910	~~1,216~~1,910	~~1,216~~1,910	~~1,216~~1,910	~~0~~1	~~0.00~~100.00%
Delivery	35,803	35,803	35,803	35,803	1	100.00%
Technology	~~2,316~~4,460	~~2,316~~4,460	~~2,316~~4,460	~~2,316~~4,460	~~0~~1	~~0.00~~100.00%
Bank Service Charges	~~18,454~~19,219	~~18,454~~19,219	~~18,454~~19,219	~~18,454~~19,219	~~0~~1	~~0.00~~100.00%
General Insurance	0	0	0	0	~~0~~1	~~0.00~~100.00%
Personal Property Tax	~~2,575~~2,880	~~2,575~~2,880	~~2,575~~2,880	~~2,575~~2,880	~~0~~1	~~0.00~~100.00%
Cash Short & Over	~~0~~(4)	~~0~~(4)	~~0~~(4)	~~0~~(4)	~~0~~1	~~0.00~~100.00%
Employee Benefits – Other	~~282~~2,168	~~282~~2,168	~~282~~2,168	~~282~~2,168	~~0~~1	~~0.00~~100.00%
Miscellaneous	~~481~~0	~~481~~0	~~481~~0	~~481~~0	~~0~~1	~~0.00~~100.00%
Operating Income (in dollar amounts)	~~310,522~~348,444	~~310,522~~348,444	~~310,522~~348,444	~~310,522~~348,444	~~0~~1	~~0.00~~100.00%

Other Costs (in dollar amounts)	ANNUAL HIGHEST	ANNUAL LOWEST	ANNUAL AVERAGE	ANNUAL MEDIAN	Number and Percentage of Restaurants Attaining or Surpassing Annual Average	
General Manager's Salary	~~92,305~~105,400	~~92,305~~105,400	~~92,305~~105,400	~~92,305~~105,400	~~0~~1	~~0.00~~100.00%
General Manager's Payroll Tax	~~7,570~~8,268	~~7,570~~8,268	~~7,570~~8,268	~~7,570~~8,268	~~0~~1	~~0.00~~100.00%
General Manager's Health Insurance	~~4,947~~5,805	~~4,947~~5,805	~~4,947~~5,805	~~4,947~~5,805	~~0~~1	~~0.00~~100.00%
Transfer & Training	0	0	0	0	~~0~~1	~~0.00~~100.00%
Other Income/Expense	(~~173~~49)	(~~173~~49)	(~~173~~49)	(~~173~~49)	~~0~~1	~~0.00~~100.00%
EBITDA (in dollar amounts)	~~205,873~~229,021	~~205,873~~229,021	~~205,873~~229,021	~~205,873~~229,021	~~0~~1	~~0.00~~100.00%

The notes below are an integral part of this Unit Financial Data Document.

ALL ~~299~~301 UNITS OPEN ALL OF ~~2019~~2020 (See the notes below)						
NET SALES (in dollar amounts)	ANNUAL HIGHEST	ANNUAL LOWEST	ANNUAL AVERAGE	ANNUAL MEDIAN	Number and Percentage of Restaurants Attaining or Surpassing Annual Average	
	~~1,695,861~~1,834,501	~~268,152~~222,053	~~658,674~~694,915	~~617,312~~648,147	~~130~~126	~~43.48~~41.86%
Controllable Costs (in dollar amounts)	ANNUAL HIGHEST	ANNUAL LOWEST	ANNUAL AVERAGE	ANNUAL MEDIAN	Number and Percentage of Restaurants Attaining or Surpassing Annual Average	
Food and Paper	~~410,204~~431,540	~~79,829~~63,932	~~166,596~~169,605	~~157,257~~157,777	~~129~~123	~~43.14~~40.86%
Wages	~~297,525~~327,769	~~66,004~~54,947	~~123,695~~128,026	~~115,334~~118,892	~~120~~125	~~40.13~~41.53%
Payroll Taxes	~~27,783~~29,815	~~5,882~~5,088	~~12,171~~12,159	~~11,598~~11,465	~~129~~126	~~43.14~~41.86%
Overhead Costs (in dollar amounts)	ANNUAL HIGHEST	ANNUAL LOWEST	ANNUAL AVERAGE	ANNUAL MEDIAN	Number and Percentage of Restaurants Attaining or Surpassing Annual Average	
Advertising	~~46,596~~38,352	~~2,722~~1,669	~~16,675~~15,547	~~15,964~~14,418	~~136~~132	~~45.48~~43.85%
Promotion and Discount	~~36,970~~32,372	~~4,510~~4,591	~~13,359~~12,493	~~12,351~~11,623	~~120~~124	~~40.13~~41.20%
Printing	~~2,457~~2,297	0	~~186~~232	~~31~~34	~~97~~99	~~32.44~~32.89%
Permits & Licenses	~~2,245~~2,858	0	~~530~~505	~~432~~474	~~111~~122	~~37.12~~40.53%
Maintenance & Repair	~~29,321~~34,069	~~2,353~~1,300	~~10,164~~10,209	~~9,609~~9,093	~~130~~113	~~43.48~~37.54%
Laundry & Uniforms	~~5,483~~7,127	~~416~~226	~~1,705~~1,832	~~1,568~~1,619	~~121~~130	~~40.47~~43.19%
Food Prep. Supplies	~~10,387~~18,676	0	~~1,008~~1,061	~~748~~659	~~109~~91	~~36.45~~30.23%
Utilities	~~31,052~~33,115	~~13,767~~11,063	~~20,739~~19,961	~~20,340~~19,502	~~132~~139	~~44.15~~46.18%
Royalty	~~102,364~~127,575	0	~~44,031~~47,461	~~43,136~~45,717	~~147~~140	~~49.16~~46.51%
Office Supplies	~~5,131~~3,972	~~3~~4	~~647~~650	~~433~~478	112	~~37.46~~37.21%
Rent	~~112,372~~97,265	~~13,870~~14,004	~~45,703~~45,580	~~43,252~~43,332	~~134~~133	~~44.82~~44.19%
Accounting/Legal	~~13,460~~23,004	~~723~~684	~~4,545~~4,926	~~3,819~~4,430	~~113~~133	~~37.79~~44.19%

Delivery	63,320	13	9,553	7,977	120	39.87%
Technology	~~8,276~~6,299	~~894~~900	~~3,260~~3,379	~~3,077~~3,319	~~131~~142	~~43.81~~47.18%
Bank Service Charges	~~27,652~~30,223	~~4,822~~4,410	~~12,656~~13,017	~~12,179~~12,359	~~137~~134	~~45.82~~44.52%
General Insurance	~~8,792~~8,619	~~0~~387	~~2,581~~2,705	~~2,370~~2,509	~~122~~127	~~40.80~~42.19%
Personal Property Tax	~~6,389~~8,031	~~130~~2	~~1,198~~1,213	~~1,140~~974	~~143~~120	~~47.83~~39.87%
Cash Short & Over	~~7,776~~3,405	(~~2,042~~7,298)	~~353~~285	~~190~~187	~~103~~118	~~34.45~~39.20%
Employee Benefits – Other	~~28,754~~26,481	~~7~~18	~~2,451~~2,855	~~513~~1,064	~~90~~98	~~30.10~~32.56%
Miscellaneous	~~18,650~~9,034	~~0~~(262)	~~874~~818	~~600~~694	~~107~~133	~~35.79~~44.19%
Operating Income (in dollar amounts)	~~686,966~~748,794	(~~38,911~~42,626)	~~173,548~~190,842	~~157,751~~169,344	~~132~~126	~~44.15~~41.86%
Other Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
General Manager's Salary	~~174,604~~175,521	0	~~54,933~~60,418	~~53,203~~57,166	~~142~~134	~~47.49~~44.52%
General Manager's Payroll Tax	~~14,250~~13,640	0	~~4,569~~4,998	~~4,385~~4,829	~~144~~136	~~48.16~~45.18%
General Manager's Health Insurance	~~16,530~~21,944	~~1~~15	~~2,021~~2,082	~~211~~614	~~121~~118	~~40.47~~39.20%
Transfer & Training	~~8,480~~34,111	(~~18~~1,223)	~~611~~795	0	~~82~~59	~~27.42~~19.60%
Other Income/Expense	~~5,136~~3,456	(~~5,985~~121,723)	(~~241~~1,289)	0	~~236~~275	~~78.93~~91.36%
EBITDA (in dollar amounts)	~~494,985~~556,535	(~~62,665~~75,559)	~~111,655~~123,838	~~99,735~~101,316	~~134~~121	~~44.82~~40.20%

The notes below are an integral part of this Unit Financial Data Document.

ALL OF THE ~~299~~301 UNITS WITH AVERAGE MONTHLY NET SALES IN THE ~~BOTTOM~~TOP 25 PERCENT AND OPEN ALL OF ~~2019~~2020 A TOTAL OF ~~74~~75 RESTAURANTS (See the notes below)						
NET SALES (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
	~~498,737~~1,834,501	~~268,152~~838,394	~~405,978~~1,060,344	~~409,341~~998,721	~~40~~30	~~54.05~~40.00%
Controllable Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Food and Paper	~~141,065~~431,540	~~79,829~~191,540	~~109,747~~251,287	~~110,948~~245,747	~~38~~32	~~51.35~~42.67%
Wages	~~121,447~~327,769	~~66,004~~134,750	~~88,292~~187,966	~~87,448~~178,425	~~34~~31	~~45.95~~41.33%
Payroll Taxes	~~15,038~~29,815	~~5,882~~11,422	~~9,252~~17,025	~~9,031~~16,245	~~34~~31	~~45.95~~41.33%
Overhead Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Advertising	~~26,868~~38,352	~~2,722~~8,564	~~12,485~~22,292	~~11,773~~22,297	~~29~~38	~~39.19~~50.67%
Promotion and Discount	~~29,291~~32,372	~~4,510~~6,904	~~11,269~~16,378	~~10,019~~15,997	~~24~~34	~~32.43~~45.33%
Printing	~~2,457~~864	~~10~~0	~~230~~281	~~68~~348	~~24~~38	~~32.43~~50.67%

Permits & Licenses	~~2,245~~1,433	~~120~~0	~~530~~504	~~444~~485	~~30~~35	~~40.54~~46.67%
Maintenance & Repair	~~16,708~~29,403	~~2,408~~3,843	~~7,839~~11,580	~~7,449~~10,700	~~33~~36	~~44.59~~48.00%
Laundry & Uniforms	~~3,874~~5,511	~~456~~733	~~1,380~~2,191	~~1,323~~2,002	~~30~~31	~~40.54~~41.33%
Food Prep. Supplies	~~7,805~~6,567	~~51~~42	~~802~~1,263	~~517~~844	~~24~~23	~~32.43~~30.67%
Utilities	~~30,242~~28,067	~~13,291~~13,799	~~19,861~~20,127	~~19,041~~19,693	~~32~~34	~~43.24~~45.33%
Royalty	~~30,118~~127,575	~~1,898~~52,764	~~14,446~~81,295	~~14,953~~78,587	~~39~~29	~~52.70~~38.67%
Office Supplies	~~2,356~~3,972	~~40~~4	~~550~~492	~~336~~308	~~24~~26	~~32.43~~34.67%
Rent	~~86,582~~97,265	~~20,385~~14,004	~~44,769~~50,095	~~42,517~~46,893	~~33~~36	~~44.59~~48.00%
Accounting/Legal	~~13,460~~11,600	~~723~~1,910	~~4,045~~5,314	~~3,594~~4,430	~~27~~31	~~36.49~~41.33%
Delivery	63,320	64	14,671	13,983	35	46.67%
Technology	~~8,085~~5,342	~~894~~900	~~3,167~~3,480	~~3,042~~3,527	~~33~~39	~~44.59~~52.00%
Bank Service Charges	~~12,492~~30,223	~~4,822~~13,487	~~8,825~~18,269	~~8,899~~18,008	~~39~~35	~~52.70~~46.67%
General Insurance	~~8,132~~8,337	~~69~~1,233	~~2,705~~2,569	~~2,802~~2,011	~~38~~22	~~51.35~~29.33%
Personal Property Tax	~~5,868~~7,910	~~225~~187	~~1,087~~1,733	~~729~~1,642	~~34~~36	~~45.95~~48.00%
Cash Short & Over	~~1,515~~3,193	~~0~~(7,298)	~~254~~286	~~237~~181	~~34~~28	~~45.95~~37.33%
Employee Benefits – Other	~~3,655~~26,481	~~7~~373	~~307~~5,723	~~0~~4,656	~~16~~28	~~21.62~~37.33%
Miscellaneous	~~2,857~~9,034	~~10~~175	~~630~~1,053	~~347~~822	30	~~40.54~~40.00%
Operating Income (in dollar amounts)	~~127,664~~748,794	~~(38,911)~~189,919	~~63,505~~344,468	~~66,959~~322,673	~~41~~31	~~55.41~~41.33%
Other Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
General Manager's Salary	~~65,833~~175,521	0	~~36,624~~84,277	~~36,179~~80,295	~~35~~32	~~47.30~~42.67%
General Manager's Payroll Tax	~~6,144~~13,640	0	~~3,242~~6,801	~~3,254~~6,706	~~38~~34	~~51.35~~45.33%
General Manager's Health Insurance	~~10,838~~14,684	(~~260~~1,610)	~~830~~2,770	~~0~~2,822	~~14~~38	~~18.92~~50.67%
Transfer & Training	~~6,382~~9,865	0	~~803~~377	~~500~~0	~~21~~19	~~28.38~~25.33%
Other Income~~/Expense~~	~~2,582~~2,499	~~(4,109~~121,723)	~~(131~~3,679)	0	~~54~~66	~~72.97~~88.00%
EBITDA (in dollar amounts)	~~98,935~~556,535	~~(62,665)~~89,852	~~22,137~~253,921	~~26,879~~229,021	~~65~~31	~~87.84~~41.33%

The notes below are an integral part of this Unit Financial Data Document.

ALL OF THE ~~299~~301 UNITS WITH AVERAGE MONTHLY NET SALES IN THE MIDDLE 50 PERCENT AND OPEN ALL OF ~~2019~~2020 A TOTAL OF 150 RESTAURANTS (See the notes below)						
NET SALES (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
	~~795,632~~833,357	~~498,910~~493,529	~~629,988~~651,475	~~616,396~~648,147	~~68~~72	~~45.33~~47.68%
Controllable Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Food and Paper	~~215,123~~241,151	~~124,017~~118,916	~~159,250~~159,662	~~157,143~~157,711	~~71~~70	~~47.33~~46.36%
Wages	~~158,577~~192,129	~~82,180~~81,367	~~116,368~~118,401	~~115,034~~118,628	~~67~~77	~~44.67~~50.99%
Payroll Taxes	~~18,983~~19,690	~~8,015~~5,088	~~11,470~~11,328	~~11,333~~11,160	~~72~~70	~~48.00~~46.36%
Overhead Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Advertising	~~30,450~~26,917	~~6,384~~5,207	~~15,629~~14,644	~~15,857~~14,428	~~79~~73	~~52.67~~48.34%
Promotion and Discount	~~36,970~~30,327	~~5,169~~5,498	~~13,553~~12,110	~~12,729~~11,013	~~61~~63	~~40.67~~41.72%

Printing	~~1,288~~2,297	0	~~164~~202	~~12~~0	~~39~~42	~~26.00~~27.81%
Permits & Licenses	~~1,805~~2,858	0	~~496~~501	~~418~~442	~~54~~55	~~36.00~~36.42%
Maintenance & Repair	~~25,742~~34,069	~~2,353~~2,346	~~10,486~~10,265	~~9,875~~9,025	~~64~~58	~~42.67~~38.41%
Laundry & Uniforms	~~5,483~~7,127	~~416~~661	~~1,762~~1,802	~~1,600~~1,606	~~59~~67	~~39.33~~44.37%
Food Prep. Supplies	~~10,387~~18,676	25	~~1,051~~1,073	~~766~~672	~~52~~43	~~34.67~~28.48%
Utilities	~~31,052~~33,115	~~13,767~~11,063	~~20,977~~20,371	~~20,319~~20,011	~~63~~70	~~42.00~~46.36%
Royalty	~~63,316~~65,471	~~24,571~~25,142	~~43,848~~46,147	~~43,069~~45,717	~~72~~73	~~48.00~~48.34%
Office Supplies	~~5,131~~2,832	~~3~~7	~~740~~700	~~527~~528	57	~~38.00~~37.75%
Rent	~~82,905~~86,767	~~22,500~~22,875	~~44,824~~44,132	~~43,528~~43,100	~~68~~69	~~45.33~~45.70%
Accounting/Legal	~~12,343~~23,004	~~1,200~~694	~~4,569~~4,922	~~3,782~~4,824	~~55~~72	~~36.67~~47.68%
Delivery	25,717	19	8,988	8,465	70	46.36%
Technology	~~7,389~~6,299	900	~~3,227~~3,415	~~2,900~~3,353	~~60~~73	~~40.00~~48.34%
Bank Service Charges	~~18,196~~18,982	~~8,025~~8,309	~~12,279~~12,437	~~12,144~~12,359	~~72~~73	~~48.00~~48.34%
General Insurance	~~8,792~~5,574	~~69~~387	~~2,586~~2,670	~~2,370~~2,509	~~56~~62	~~37.33~~41.06%
Personal Property Tax	~~6,285~~5,232	0	~~1,097~~1,028	~~1,140~~974	~~81~~61	~~54.00~~40.40%
Cash Short & Over	~~3,514~~3,405	(~~2,042~~1,935)	~~372~~301	~~191~~156	55	~~36.67~~36.42%
Employee Benefits – Other	~~15,936~~20,243	~~(221)~~0	~~2,092~~2,523	~~500~~985	~~47~~49	~~31.33~~32.45%
Miscellaneous	~~4,004~~3,807	~~0~~(262)	~~829~~768	~~550~~736	~~58~~73	~~38.67~~48.34%
Operating Income (in dollar amounts)	~~258,711~~297,959	~~83,333~~63,323	~~162,318~~173,086	~~158,024~~169,344	~~70~~71	~~46.67~~47.02%
Other Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
General Manager's Salary	~~91,856~~101,991	0	~~53,174~~58,708	~~53,408~~57,263	~~77~~73	~~51.33~~48.34%
General Manager's Payroll Tax	~~8,148~~8,266	0	~~4,403~~4,848	~~4,339~~4,836	~~73~~75	~~48.67~~49.67%
General Manager's Health Insurance	~~14,364~~21,944	~~151~~40	~~2113~~2,252	~~1,134~~900	~~65~~61	~~43.33~~40.40%
Transfer & Training	~~8,480~~15,363	0	~~754~~965	~~112~~0	~~46~~38	~~30.67~~25.17%
Other Income	~~5,136~~3,456	(~~5,485~~15,108)	(~~183~~227)	0	~~121~~131	~~80.67~~86.75%
EBITDA (in dollar amounts)	~~189,019~~222,921	~~36,649~~5,441	~~102,059~~106,540	~~100,884~~101,407	~~73~~67	~~48.67~~44.37%

The notes below are an integral part of this Unit Financial Data Document.

ALL OF THE ~~299~~301 UNITS WITH AVERAGE MONTHLY NET SALES IN THE ~~TOP~~BOTTOM 25 PERCENT AND OPEN ALL OF ~~2019~~2020 A TOTAL OF 75 RESTAURANTS (See the notes below)						
NET SALES (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
	~~1,695,861~~490,805	~~795,902~~222,053	~~965,373~~416,943	~~922,935~~417,913	~~34~~40	~~45.33~~53.33%
Controllable Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Food and Paper	~~410,204~~140,632	~~189,277~~63,932	~~237,377~~107,940	~~230,638~~108,778	~~30~~41	~~40.00~~54.67%
Wages	~~297,525~~120,968	~~119,565~~54,947	~~173,281~~87,464	~~164,647~~87,050	~~28~~37	~~37.33~~49.33%
Payroll Taxes	~~27,783~~17,980	~~10,261~~5,464	~~16,454~~8,968	~~16,088~~8,432	~~30~~32	~~40.00~~42.67%

Overhead Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
Advertising	~~46,596~~20,048	~~8,023~~1,669	~~22,901~~10,620	~~22,144~~11,165	~~35~~40	~~46.67~~53.33%
Promotion and Discount	~~31,126~~23,118	~~4,536~~4,591	~~15,035~~9,379	~~13,813~~8,588	~~27~~31	~~36.00~~41.33%
Printing	~~954~~1,749	~~0~~59	~~185~~245	~~137~~0	~~34~~18	~~45.33~~24.00%
Permits & Licenses	~~1,320~~1,778	~~0~~40	~~596~~515	~~474~~451	~~26~~32	~~34.67~~42.67%
Maintenance & Repair	~~29,321~~21,357	~~2,945~~1,300	~~11,813~~8,724	~~10,926~~7,907	~~32~~31	~~42.67~~41.33%
Laundry & Uniforms	~~5,308~~3,335	~~749~~226	~~1,913~~1,534	~~1,795~~1,390	~~29~~30	~~38.67~~40.00%
Food Prep. Supplies	~~3,674~~7,837	~~129~~29	~~1,126~~836	~~953~~413	~~31~~22	~~41.33~~29.33%
Utilities	~~29,265~~27,173	~~14,790~~12,764	~~21,129~~18,971	~~20,807~~18,531	~~36~~31	~~48.00~~41.33%
Royalty	~~102,364~~32,262	~~47,754~~912	~~73,585~~16,275	~~71,973~~16,882	~~30~~40	~~40.00~~53.33%
Office Supplies	~~2,625~~2,222	~~54~~	~~558~~707	~~357~~484	~~24~~28	~~32.00~~37.33%
Rent	~~112,372~~82,596	~~13,870~~17,844	~~48,380~~43,980	~~43,730~~42,587	~~36~~32	~~48.00~~42.67%
Accounting/Legal	~~10,851~~17,452	~~1,216~~684	~~4,992~~4,546	~~3,973~~4,183	~~30~~34	~~40.00~~45.33%
Delivery	20,192	13	5,572	5,517	37	49.33%
Technology	~~8,276~~5,836	~~1,025~~900	~~3,417~~3,205	~~3,360~~3,188	~~32~~37	~~42.67~~49.33%
Bank Service Charges	~~27,652~~12,288	~~11,764~~4,410	~~17,191~~8,932	~~16,825~~8,785	~~34~~35	~~45.33~~46.67%
General Insurance	~~7,031~~8,619	~~1,126~~524	~~2,449~~2,913	~~1,692~~3,086	~~24~~40	~~32.00~~53.33%
Personal Property Tax	~~6,389~~8,031	~~150~~316	~~1,510~~1,064	~~1,551~~847	~~39~~25	~~52.00~~33.33%
Cash Short & Over	~~7,776~~1,997	~~(642)~~0	~~412~~253	~~155~~233	~~21~~34	~~28.00~~45.33%
Employee Benefits – Other	~~28,754~~6,593	~~35~~26	~~5,283~~653	~~3,446~~0	~~27~~23	~~36.00~~30.67%
Miscellaneous	~~18,650~~5,169	~~233~~84	~~1,205~~685	~~693~~452	~~24~~30	~~32.00~~40.00%
Operating Income (in dollar amounts)	~~686,966~~150,195	~~168,226~~(42,626)	~~304,581~~72,962	~~586,546~~81,899	~~28~~46	~~37.33~~61.33%
Other Costs (in dollar amounts)	**ANNUAL HIGHEST**	**ANNUAL LOWEST**	**ANNUAL AVERAGE**	**ANNUAL MEDIAN**	**Number and Percentage of Restaurants Attaining or Surpassing Annual Average**	
General Manager's Salary	~~174,604~~65,950	~~0~~2,400	~~76,518~~40,000	~~71,023~~38,932	~~30~~35	~~40.00~~46.67%
General Manager's Payroll Tax	~~14,250~~7,442	0	~~6,210~~3,495	~~5,914~~3,594	~~33~~41	~~44.00~~54.67%
General Manager's Health Insurance	~~16,5.30~~11,020	(~~213~~560)	~~3,012~~1,051	~~3,127~~0	~~39~~22	~~52.00~~29.33%
Transfer & Training	~~1,884~~34,111	(~~18~~1,223)	~~136~~871	0	~~13~~9	~~17.33~~12.00%
Other Income/Expense	~~530~~218	(~~5,985~~16,979)	(~~465~~1,036)	0	~~62~~66	~~82.67~~88.00%
EBITDA (in dollar amounts)	~~494,985~~94,236	~~98,292~~(75,559)	~~219,171~~28,580	~~201,040~~31,764	~~29~~42	~~38.67~~56.00%

The notes below are an integral part of this Unit Financial Data Document.

UNIT ECONOMICS ~~2019~~2020						
	Average NET Sales	Operating Income*	Operating Income (as a % of Average NET Sales)	Average General Manager Compensation**	EBITDA***	EBITDA%
Bottom 25% of Net Sales	$~~405,978~~416,943	$~~63,505~~72,962	~~15.6~~17.5%	$~~40,696~~44,546	$~~22,317~~28,580	6.9%
Middle 50% of Net Sales	$~~629,988~~651,475	$~~162,318~~173,086	~~25.8~~26.6%	$~~59,689~~65,808	$~~102,059~~106,540	16.4%
Top 25% of	$~~965,373~~1,060,344	$~~304,581~~344,468	~~31.6~~32.5%	$~~85,740~~93,849	$~~219,171~~253,921	23.9%

Net Sales						
AVERAGE	$~~658,674~~694,915	$~~173,548~~190,842	~~26.3~~27.5%	$~~61,523~~67,497	$~~111,655~~123,838	17.8%

** Operating Income before owner's draw, General Manager salary, General Manager benefits, General Manager payroll taxes, income taxes, interest, depreciation and amortization expenses.*

*** Average General Manger Compensation includes General Manger salary, General Manager benefits and General Manager payroll taxes.*

**** EBITDA is an acronym for the Unit's earnings before income taxes, interest, depreciation, amortization expenses, and any compensation paid to any owner or owner's draw or any owner expenses or benefits.*

The notes below are an integral part of this Unit Economics ~~2019~~2020 document.

NOTES TO THE ~~2019~~2020 UNIT FINANCIAL DATA DOCUMENTS

1. The data shown on the "*All ~~299~~301 Units Open all of ~~2019~~2020*" Document, the "*All Units (Out of ~~299~~301) With Average Monthly Net Sales in ~~Bottom~~Top 25 Percent and Open All of ~~2019~~ Document,2020*" the "*All Units (Out of ~~299~~301) With Average Monthly Net Sales in Middle 50 Percent and Open All of ~~2019~~2020*" Document, the "*All Units (Out of ~~299~~301) With Average Monthly Net Sales in ~~Top~~Bottom 25 Percent and Open All of ~~2019~~2020*" Document, and the "*Unit Economics ~~2019~~2020*" Document represents the actual results obtained by ~~299~~301 Restaurants ~~that~~which were in operation all of calendar year ~~2019~~ including the one (1) company-owned Restaurant. The data shown on ~~the~~those Unit Financial Data Documents includes 23 freestanding Restaurants and ~~276~~278 in-line Restaurants. The average freestanding Restaurant sales were $~~881,830~~962,337 with ~~twelve (12)~~13 freestanding Restaurants, or ~~52~~57%, above the average of $~~881,830,~~962,337, and ~~eleven (11)~~10 freestanding Restaurants, or ~~48~~43%, below the average. The Restaurant locations breakdown as follows for ~~2019~~2020:

Numbers of Restaurants	**Restaurant Location Breakdowns:**
2	Atlanta, Georgia area
~~2~~1	Bowling Green, Kentucky area
6	Champaign & Springfield-Decatur, Illinois area
~~9~~10	Charleston / Huntington, West Virginia area (including Ashland, Kentucky)
6	Charlotte, North Carolina area (including Rock Hill, South Carolina)
1	Chattanooga, Tennessee area
3	Chicago, Illinois / Northern Indiana area
~~47~~48	Greater Cincinnati, Ohio area
~~23~~26	Greater Cleveland, Ohio area (including Akron & Canton, Ohio)
1	Columbia-Jefferson City, Missouri area
~~15~~14	Columbus, Ohio area
15	Greater Dayton, Ohio area
1	Richmond, Indiana area
~~13~~11	Greater Detroit, Michigan area
4	Grand Rapids / Kalamazoo / Battlecreek, Michigan area
7	Evansville, Indiana area (including Owensboro and Henderson, Kentucky)
4	Ft. Wayne, Indiana area
3	Greensboro, North Carolina area
~~28~~29	Greater Indianapolis, Indiana area (including Bloomington, Bedford and Lebanon, Indiana)
2	Lafayette, Indiana area
~~13~~14	Greater Lexington, Kentucky area (including Somerset, Frankfort, and Morehead Kentucky)
23	Greater Louisville, Kentucky area (including Bardstown, Radcliff and Elizabethtown, Kentucky; Jeffersonville and New Albany, Indiana)
~~2~~1	Kansas City, Kansas area
3	Knoxville, Tennessee area
2	Lansing, Michigan area
~~6~~9	Nashville, Tennessee area
2	Omaha, Nebraska area
4	Paducah, Kentucky area
1	Parkersburg, West Virginia area

Numbers of Restaurants	**Restaurant Location Breakdowns:**
7	Pittsburgh, Pennsylvania area
6	Raleigh, North Carolina area
3	Richmond, Virginia area
1	Springfield, Missouri area
3	South Bend / Elkhart, Indiana area
~~23~~24	Greater St. Louis, Missouri area (including Fenton, Missouri; Fairview Heights, Granite City, and Collinsville, Illinois)
2	Terre Haute, Indiana area
~~8~~11	Toledo, Ohio area
	General Areas Breakdowns
1	Downtown Business Districts
~~8~~7	College Campus areas
~~267~~279	Strip Center Suburban Locations
23	Freestanding Units (~~nineteen~~six of these properties are owned by a related party - Penn Station Realty)

2. The data shown on the "*All ~~298~~300 Franchisee Units Open All Of ~~2019~~2020*" Document represents the actual results obtained by ~~298~~300 franchised Restaurants which were in operation all of calendar year ~~2019.~~2020.

3. The data shown on the "*~~1~~ Company-Owned Unit Open All Of ~~2019~~2020*" Document represents the actual results obtained by the (a) one (1) company-owned Restaurant which was in operation all of calendar year ~~2019.~~2020. The amount shown for monthly royalty fees for the one (1) company-owned Restaurant whose data is included in the "*~~1~~ Company-Owned Unit Open All Of ~~2019~~2020*" Document is accounted for by an internal bookkeeping charge, as we are the owner of that Restaurant.

4. When it is noted above in these 2020 Unit Financial Data Documents with regard to the number and percentage of Restaurants "Attaining or Surpassing Annual Average", it means as to (a) revenue-type category items, that there is equal to or *greater* than revenue or (b) expense-type category items, that there is equal to or *less* than expenses.

5. "Net Sales" means the Net sales, as defined in Note 1, Item 6, of this disclosure document, of each Restaurant.

6. Promotion and Discount represents the Operating Costs of Food, Bread, Produce, Paper/Janitorial, Wages and Payroll Taxes associated with promotional and discount sales. The Operating Costs associated with promotional and discount sales are deducted from the Operating Costs portion of the statement and disclosed under Overhead Costs with the heading Promotion and Discount.

7. "Food and Paper" includes amounts attributable to food, beverage, bread, produce and paper costs.

8. None of these 2020 Unit Financial Data Documents take into account the borrowing cost of the financing of the construction, furnishing and equipping, and working capital requirements of a Restaurant. The cost of financing is a material factor in the actual earnings achieved. Please see this disclosure document for more information concerning Financing (Item 10) and a franchisee's Initial Investment (Item 7).

9. "EBITDA" is an acronym defined as the individual Restaurant's earnings, as shown on each of these Unit Financial Data Documents, before interest, income taxes, and depreciation and amortization expenses of a Restaurant (although depreciation and amortization expense isthese expenses are not separately accounted for in the Franchisee Financial Statements for individual Restaurant results). The EBITDA displayed on each of these 2020 Unit Financial Data Documents also does not deduct any amounts attributable to any (a) automobile expense of any franchisee owner, (b) business meals or entertainment expense of any franchisee owner, (c) remodeling costs, (d) compensation paid to any franchisee owner or any franchisee owner's draw, or (e) any employee benefits (*e.g.,* health insurance) for any sole proprietor franchisee or franchisee's owners, or (f) multi-unit expenses.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 20172018 TO 20192020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	20172018	303	303306	03
	20182019	303306	306	30
	20192020	306	306309	03
Company-Owned*	20172018	710	104	3-6
	20182019	104	41	-63
	20192020	41	1	-30
Total Outlets	20172018	310313	313310	-3
	2018	313	310	-3
	2019	310	307	-3
	2020	307	310	3

* The number of company-owned outlets includes 9 outlets as of December 31, 2017; 3 outlets as of December 31, 2018; and no outlets as of December 31, 2019 or December 31, 2020 operated by franchisees who are (i) persons listed in Item 2, (ii) immediate family members of persons listed in Item 2, or (iii) business entities owned by any persons listed in Item 2 or by their immediate family members. Penn Station owned and operated directly one company-owned Restaurant as of December 31, 2019.2020.

ITEM 20 TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS ~~2017~~2018 TO ~~2019~~2020

~~Column 1~~ ~~State~~	~~Column 2~~ ~~Year~~	~~Column 3~~ ~~Number of Transfers~~
~~Illinois~~	~~2017~~	~~2~~
	~~2018~~	~~1~~
	~~2019~~	~~0~~

~~Column 1~~ ~~State~~	~~Column 2~~ ~~Year~~	~~Column 3~~ ~~Number of Transfers~~
~~Indiana~~	~~2017~~	~~0~~
	~~2018~~	~~3~~
	~~2019~~	~~0~~
~~Kentucky~~	~~2017~~	~~3~~
	~~2018~~	~~22~~
	~~2019~~	~~0~~
~~Michigan~~	~~2017~~	~~0~~
	~~2018~~	~~1~~
	~~2019~~	~~3~~
~~Missouri~~	~~2017~~	~~0~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~North Carolina~~	~~2017~~	~~3~~
	~~2018~~	~~1~~
	~~2019~~	~~0~~
~~Ohio~~	~~2017~~	~~0~~
	~~2018~~	~~0~~
	~~2019~~	~~1~~
~~Pennsylvania~~	~~2017~~	~~0~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~South Carolina~~	~~2017~~	~~1~~
	~~2018~~	~~0~~
	~~2019~~	~~1~~
~~Tennessee~~	~~2017~~	~~1~~
	~~2018~~	~~1~~
	~~2019~~	~~0~~
~~Virginia~~	~~2017~~	~~0~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~West Virginia~~	~~2017~~	~~0~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
	~~2017~~	~~0~~

~~Kansas~~	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~Georgia~~	~~2017~~	~~1~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~Texas~~	~~2017~~	~~3~~
	~~2018~~	~~0~~
	~~2019~~	~~0~~
~~TOTAL~~	~~2017~~	~~14~~
	~~2018~~	~~29~~
	~~2019~~	~~5~~

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Georgia	2018	0
	2019	0
	2020	0
Illinois	2018	1
	2019	0
	2020	0
Indiana	2018	3
	2019	0
	2020	0
Kansas	2018	0
	2019	0
	2020	0
Kentucky	2018	22
	2019	0
	2020	2
Michigan	2018	1
	2019	3
	2020	1
Missouri	2018	0
	2019	0
	2020	1
North Carolina	2018	1
	2019	0
	2020	2
Ohio	2018	0
	2019	1
	2020	1
Pennsylvania	2018	0
	2019	0
	2020	0
South Carolina	2018	0
	2019	1
	2020	0

Column 1	Column 2	Column 3
Tennessee	2018	1
	2019	0
	2020	6
Texas	2018	0
	2019	0
	2020	0
Virginia	2018	0
	2019	0
	2020	3
West Virginia	2018	0
	2019	0
	2020	0
TOTAL	2019	5
	2020	16

ITEM 20 TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2017~~2018 TO ~~2019~~2020

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Term-inations	Column 6 Non-Renewals	Column 7 Re-acquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at end of the Year
Illinois	~~2017~~2018	17	~~1~~0	~~0~~1	0	0	~~1~~*0	~~17~~16
	~~2018~~2019	~~17~~16	0	~~1~~3	0	0	0	~~16~~13
	~~2019~~2020	~~16~~13	0	~~3~~0	0	0	0	13
Indiana	~~2017~~2018	50	0	0	0	0	0	50
	~~2018~~2019	50	~~0~~1	0	0	0	~~0~~1***	50
	~~2019~~2020	50	1***	0	0	0	1~~***~~	50
Kentucky	~~2017~~2018	53	0	0	0	0	0	53
	~~2018~~2019	53	0	0	0	0	0	53
	~~2019~~2020	53	~~0~~1	0	0	0	~~0~~1	53
Michigan	~~2017~~2018	20	~~0~~1	0	~~0~~1	0	0	20
	~~2018~~2019	20	~~1~~0	0	~~1~~0	0	~~0~~1*	~~20~~19
	~~2019~~2020	~~20~~19	0	~~0~~2	0	0	~~1~~**0	~~19~~17
Missouri	~~2017~~2018	~~22~~21	0	0	0	0	~~1~~*0	21
	~~2018~~2019	21	~~0~~1	0	0	0	0	~~21~~22
	~~2019~~2020	~~21~~22	~~1~~0	0	0	0	0	22
Nebraska	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
North Carolina	~~2017~~2018	~~12~~13	~~1~~3	0	0	0	~~0~~1	~~13~~15
	~~2018~~2019	~~13~~15	~~3~~0	0	0	0	1*	~~15~~14
	~~2019~~2020	~~15~~14	0	0	0	0	~~1~~**0	14
Ohio	~~2017~~2018	90	~~1~~7**	0	0	0	~~1~~*0	~~90~~97
	~~2018~~2019	~~90~~97	~~7~~***5	0	0	0	0	~~97~~102
	~~2019~~2020	~~97~~102	~~5~~2	~~0~~1	0	0	0	~~102~~103
Pennsylvania	~~2017~~2018	~~5~~6	~~1~~0	0	0	0	0	6

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Term-inations	Column 6 Non-Renewals	Column 7 Re-acquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at end of the Year
	~~2018~~2019	6	0	0	0	0	0	6
	~~2019~~2020	6	0	0	0	0	0	6
South Carolina	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	0	0	0	0	0	1
Tennessee	~~2017~~2018	~~1~~2~~1~~3	~~1~~0	0	~~0~~1	0	0	~~1~~3~~1~~2
	~~2018~~2019	~~1~~3~~1~~2	0	0	~~1~~0	0	~~0~~2*	~~1~~2~~1~~0
	~~2019~~2020	~~1~~2~~1~~0	~~0~~3	0	0	0	~~2~~**0	~~1~~0~~1~~3
Virginia	~~2017~~2018	~~6~~5	0	~~0~~2	0	0	~~1~~*0	~~5~~3
	~~2018~~2019	~~5~~3	0	~~2~~0	0	0	0	3
	~~2019~~2020	3	0	0	0	0	0	3
West Virginia	~~2017~~2018	~~8~~9	~~1~~0	0	0	0	~~0~~1****	~~9~~8
	~~2018~~2019	~~9~~8	~~0~~1****	0	0	0	~~1~~*****0	~~8~~9
	~~2019~~2020	~~8~~9	~~1~~*****0	0	0	0	0	9
Kansas	~~2017~~2018	~~1~~2	~~1~~0	0	0	0	0	2
	~~2018~~2019	2	0	0	0	0	0	2
	~~2019~~2020	2	0	~~0~~1	0	0	0	~~2~~1
Georgia	~~2017~~2018	3	0	~~0~~1	0	0	0	~~3~~2
	~~2018~~2019	~~3~~2	0	~~1~~0	0	0	0	2
	~~2019~~2020	2	0	0	0	0	0	2
Texas	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Total	~~2017~~2018	~~300~~303	~~7~~11	~~0~~4	~~3~~2	0	~~4~~2	~~303~~306
	~~2018~~	~~303~~	~~11~~	~~4~~	~~2~~	~~0~~	~~2~~	~~306~~
	2019	306	8	3	0	0	5	306
	2020	306	9	4	0	0	2	309

* These Restaurants (*i.e.,* ~~Champaign, IL, Rockhill, MO, Columbus, OH, and Roanoke, VA) chose not to renew their leases.** These Restaurants (*i.e.,*~~ Grand Rapids, MI, Greensboro, NC, Knoxville, TN, and Mt. Juliet, TN) chose not to renew their leases.

~~*~~** Six Restaurants are owned by a franchisee in which persons listed in Item 2 had an ownership interest; however, that person is no longer listed in Item 2.

~~*~~*** One Restaurant (Franklin, Indiana) closed because of a fire. It ~~is scheduled to reopen~~reopened in August, 2020.

~~*~~**** A Restaurant in Beckley, West Virginia closed in 2018 and relocated to Clarksburg, West Virginia in 2019.

ITEM 20 TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2017~~2018 TO ~~2019~~2020

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Ceased Operations Other Reasons	Outlets at End of the Year
Illinois	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Indiana	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Kentucky	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Michigan	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Missouri	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
North Carolina	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Ohio	~~2017~~2018	7	0	0	0	~~0~~6	0	~~7~~1
	~~2018~~2019	~~7~~1	0	0	0	~~6~~0	0	1
	~~2019~~2020	1	0	0	0	0	0	1
Pennsylvania	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
South Carolina	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Tennessee	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Virginia	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
West Virginia	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Kansas	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Ceased Operations Other Reasons	Outlets at End of the Year
Georgia	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	0	0	0	0	0	0
	~~2019~~2020	0	0	0	0	0	0	0
Texas	~~2017~~2018	3	0	0	0	0	0	3
	~~2018~~2019	3	0	0	~~0~~3	0	0	~~3~~0
	~~2019~~2020	3	0	0	3	0	0	0
TOTAL	~~2017~~2018	7	0	~~0~~3	0	~~0~~6	0	~~7~~4
	~~2018~~2019	~~7~~4	0	~~3~~0	~~0~~3	~~6~~0	0	4~~1~~
	~~2019~~2020	4	0	0	3	0	0	1

ITEM 20 TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, ~~2019~~2020

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Georgia	0	0	0
Illinois	0	0	0
Indiana	0	~~0~~2	0
Iowa	0	1	0
Kansas	0	0	0
Kentucky	~~1~~0	~~1~~0	0
Michigan	0	~~0~~1	0
Missouri	0	0	0
Nebraska	~~2~~0	~~1~~2	0
North Carolina	0	~~0~~1	0
Ohio	~~2~~0	~~2~~6	0
Pennsylvania	0	0	0
South Carolina	0	0	0
Tennessee	0	~~2~~5	0
Texas	0	0	0
Virginia	0	0	0
West Virginia	0	0	0
Total	~~5~~0	~~6~~18	0

A list of the names of all of our franchisees and the addresses and telephone numbers of all of their outlets is attached as Exhibit D to this disclosure document.

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had a Penn Station Restaurant terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under its Franchise Agreement during the fiscal year ending on December 31, ~~2019~~2020 or who has not communicated with us within 10 weeks before the issuance date of this disclosure document:

~~Lake Penn, LLC, Grayslake/Gurnee, Illinois, (847) 562-6090~~PS2 - Kansas City, LLC, Olathe, Kansas, (913) 314-4048

Motor City PS Woodhaven, LLC, Woodhaven, Michigan, (586) 219-1255

~~Grand Rapids PS~~RJS Ventures, LLC, ~~Grand Rapids~~Fort Gratiot, Michigan, (~~269) 929-0958~~810) 434-6368

~~Froggy Ventures, Inc., Greensboro, North Carolina (336) 908-4282~~

~~TennPenn, LLC, Knoxville, Tennessee, (513) 266-6167~~

~~Nashville PS, LLC, Mt. Juliet, Tennessee, (615) 480-3578~~

~~PS Dallas, LLC, Flower Mound/Lewisville/Plano, Texas, (513) 231-9064~~

~~4L2J Management, LLC, Bolingbrook, Illinois, (702) 358-6810~~

NWO Penn Acquisition, LLC, Dublin, Ohio, (614) 371-5923

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Penn Station. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, seven franchisees have signed an agreement that contained such a confidentiality clause, six of whom signed an agreement that contained such a confidentiality clause in connection with the franchisee selling the assets of or closing all or a majority of its restaurants, including four franchisees who ceased to be franchisees.

As of the date of this disclosure document, we are not aware of any trademark-specific franchisee organization associated with the Penn Station franchise system.

ITEM 21. FINANCIAL STATEMENTS

Penn Station's annual audited financial statements, comprised of a balance sheet, statement of cash flows, and income statement, for the fiscal years ended December 31, ~~2019,~~2020, 2019 and 2018~~; and 2017~~ are attached as Exhibit E. Penn Station's fiscal year end is December 31. Penn Station's unaudited financials for the period ended ~~March 31, 2020~~February 28, 2021 are also included in Exhibit E of this disclosure document.

ITEM 22. CONTRACTS

Attached to this disclosure document are copies of the following agreements relating to the offering of the Penn Station franchise:

A. Unit Franchise Agreement
B. Multi-Unit Guidelines
C. General Manager Guidelines
D. List of Penn Station Franchisees
E. Financial Statements
F. Free-Standing Store Lease
G. Lease Addendum
H. Multi-Unit Agreement
I. State Administrator and Agents for Service List
J. State Addenda to disclosure document
K. General Release of All Claims
L. Territory Reservation Letter
M. Direct Debit Authorization Agreement

ITEM 23. RECEIPTS

The last page of this disclosure document is a detachable document acknowledging your receipt of the disclosure document. If this page or any other pages or exhibits are missing from your copy, please contact Penn Station at this address or phone number:

Penn Station, Inc.
1226 US Highway 50
Milford, Ohio 45150
(513) 474-5957
www.penn-station.com

FDDSU
rev. ~~May 15, 2020~~March 26, 2021

EXHIBIT A TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

UNIT FRANCHISE AGREEMENT

FOR

PENN STATION RESTAURANT

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Exhibits:

A - Owners of a Franchisee ~~Business Entity~~
B - Registered Marks
C - Guaranty
D - Agreement of Operations Director
E - State Specific Addenda

UNIT FRANCHISE AGREEMENT
FOR
PENN STATION RESTAURANT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into to be effective as of _____, 20___, by and between PENN STATION, INC., an Ohio corporation ("Penn Station"), and _____ (a _____ corporation~~) (a _____~~/limited liability company) (~~a sole proprietorship) doing business under the name of _____ _____ _____ _____ (~~"Franchisee").

Preliminary Statements

Penn Station has developed a business system (the "System") for operating a restaurant featuring Philadelphia-style cheesesteaks and submarine sandwiches (the "Penn Station Restaurant" or the "Restaurant"). The distinguishing characteristics of the System include, for example, certain food ingredients, recipes, cooking techniques, food presentation methods, operational techniques, interior design and other identification schemes, methods for inventory and cost controls, recordkeeping and reporting, sales, and advertising, all of which may be changed and further developed by Penn Station from time to time.

Penn Station Restaurants are identified by certain marks, names, and logos owned by Penn Station, including, for example, the service mark "Penn Station®". This mark and the other registered trademarks, service marks, trade names and logos listed on Exhibit B attached have been designated by Penn Station for use in connection with the System (the "Registered Marks"). Penn Station may from time to time designate in the Confidential Operating Manual (as defined in Section 7.1) or in the Marketing Materials (as defined in Section 9.2.1) additional registered or unregistered marks, names, logos and certain Copyrighted Materials (as defined in Section 6.7) for use in connection with the System ("Additional Proprietary Rights"). Subject to the terms of this Agreement, the Additional Proprietary Rights will be available for use by Franchisee solely in connection with the Penn Station franchise granted by this Agreement.

Penn Station desires to franchise a Penn Station Restaurant to Franchisee, and Franchisee desires to enter into the business of operating a Penn Station Restaurant under a franchise of Penn Station's System and a license of its Marks (as defined in Section 6.2.2).

Franchisee understands and acknowledges the importance of achieving high and uniform standards of quality, cleanliness, appearance, and service and the necessity of operating Franchisee's Penn Station Restaurant in full compliance with Penn Station's standards and specifications.

In entering into this Agreement, Franchisee acknowledges having had a full and adequate opportunity to be advised thoroughly by advisors of Franchisee's own choosing of the terms and conditions of this Agreement and all other agreements to be signed in connection with this Agreement.

Statement of Agreement

NOW, THEREFORE, in consideration of the following mutual covenants, conditions and agreements, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Penn Station and Franchisee agree as follows:

1. FRANCHISE; LOCATION OF FRANCHISE.

1.1 Franchise. Subject to the terms and conditions contained in this Agreement, Penn Station grants to Franchisee (the "Franchise"): (i) a franchise to use Penn Station's System (as the System may be changed and further developed by Penn Station from time to time) solely to operate a Penn Station Restaurant located at the Franchised Premises (as defined in Section 1.3) and (ii) a license to use the Marks and Copyrighted Materials solely in connection with the operation of a Penn Station Restaurant located at the Franchised Premises. The "Franchised Business" means the Penn Station Restaurant operated by Franchisee at the Franchised Premises pursuant to the terms of this Agreement.

1.2 Restricted Territory. Penn Station will not, so long as this Agreement is in full force and effect and Franchisee is not in Default (as defined in Section 13.4), establish, or franchise or license another to establish, a Penn Station Restaurant within a radius of 1 mile around the Franchised Premises (the area encompassed within the circle created by the above designated radius being referred to as the "Restricted Territory").

1.3 Location of Franchise. The site for the Franchised Business is:

(the "Franchised Premises"). Subject to Section 1.4, the Franchise is granted only for, and Franchisee may operate the Franchised Business only at, the Franchised Premises. The scheduling of the opening of the Franchised Business is as follows:

1.3.1 Lease of the Site. Franchisee must sign a lease for the Franchised Premises on or before _____, 20__. The lease must be submitted to Penn Station before it is signed by Franchisee for Penn Station to determine whether the lease terms comply with this Agreement (for example, whether the lease term has sufficient length and the configured space could be suitable for a Penn Station Restaurant). The ~~approved~~ lease for the Franchised Premises, which has received Penn Station's prior consent, is referred to as the "Premises Lease". Before the Premises Lease is signed by Franchisee, Franchisee will provide to Penn Station all information concerning the Premises Lease that Penn Station deems necessary, including the information on Penn Station's then current Lease Checklist form. In addition, Franchisee must obtain the signature of the landlord of the Franchised Premises to Penn Station's then current Lease Addendum form no later than when the lease is signed by Franchisee. The Lease Addendum: (i) reserves to Penn Station the right, at Penn Station's election, to obtain Franchisee's leasehold interest and other rights under the Premises Lease if the Premises Lease terminates or expires or this Agreement: (a) is terminated by Penn Station because a Default (as defined in Section 13.4) has occurred or (b) is not renewed by Penn Station because the applicable renewal conditions have not been met in accordance with Section 2.2; (ii) requires the landlord to provide contemporaneous written notice to Penn Station of any notice of default under the Premises Lease given to Franchisee; (iii) allows the display of Penn Station approved signs on the interior and exterior of the Franchised Premises; (iv) provides for the right to use the Franchised Premises for all activities and operations of a Penn Station Restaurant; (v) allows Franchisee to make all improvements to the Franchised Premises at the inception of the Premises Lease (and at any required remodeling) which are required by Penn Station's then current Construction Guidelines (as defined in Section 1.3.2); and (vi) gives Penn Station the right to enter the Franchised Premises to make any modification to the Franchised Premises if Penn Station believes it necessary or desirable to protect the Marks and Copyrighted Materials. Franchisee may not directly or indirectly own the Franchised Premises. ~~With Penn Station's prior approval (and subject to any additional agreements deemed necessary by Penn Station to protect its interests under the circumstances), an~~An Owner (as defined in Section 5.2) may directly or indirectly own the Franchised Premises ~~under limited circumstances deemed acceptable to Penn Station, including: (A) that~~so long as (A) Penn Station has determined that the proposed rental rate under the Premises Lease is a market rate, and the Premises Lease, which is in writing, is otherwise on market terms and conditions; (B) ~~that the length of time Franchisee~~

~~has been a franchisee of Penn Station is satisfactory to Penn Station; (C) that~~ Penn Station has determined that Franchisee's development capital (including any portion used by one or more Owners to own the Franchise Premises) is adequate to complete Franchisee's obligations that it may have under any multi-unit development agreement between Franchisee (or any of its affiliates) and Penn Station; ~~(D) that~~and (C) the term of the proposed Premises Lease is coterminous with this Agreement~~; (E) whether the Owner who owns the Franchised Premises has any day-to-day operational responsibilities at any of the Owned Units (as defined below); (F) whether the Owner who owns the Franchised Premises is a minority, passive investor in Franchisee and is subject to the obligations under Section 15; and (G) the extent to which the owners of the real estate are Owners of Franchisee~~. If Franchisee seeks to renew the Premises Lease on terms other than the terms ~~approved~~consented to by Penn Station when the Premises Lease was initially executed, then Franchisee must first obtain Penn Station's ~~approval of~~consent to the renewal terms in the same manner as the Premises Lease for the initial term.

1.3.2 Restaurant Construction. Franchisee will purchase and install (i) all interior and exterior improvements as are required pursuant to Penn Station's then current Construction Guidelines for a Penn Station Restaurant and (ii) all furniture, furnishings, and equipment as are then specified by Penn Station (all interior and exterior improvements, furniture, furnishings, and equipment being collectively, the "Restaurant Improvements"). "Construction Guidelines" means, as of any date, the then latest set of architectural drawings and construction documents for a Penn Station Restaurant which Penn Station has adopted as prototypical for construction. After this Agreement is signed by Franchisee and Penn Station, Penn Station will make available to Franchisee the Construction Guidelines and the name of an ~~approved~~authorized supplier for those items of the Restaurant Improvements that are restaurant equipment. Franchisee will, at its expense, have a preliminary floor plan of the Franchised Premises prepared by an architect consented to by Penn Station based on the Construction Guidelines. If the architect proposed by Franchisee is not an architect who has been pre-consented to by Penn Station, then Franchisee must demonstrate to Penn Station that the architect is a qualified architect, and Franchisee must pay Penn Station's then current architectural review fee to a pre-~~approved~~authorized architect designated by Penn Station for that architect to review the plans prepared by the architect proposed by Franchisee. Once the preliminary floor plan is ~~approved~~consented to by Penn Station, Franchisee, at its expense, will have the ~~approved~~authorized architect prepare location-specific drawings and construction documents based on the Construction Guidelines. It is the Franchisee's responsibility to ensure that the location-specific drawings and construction documents comply with local laws and regulations (including building, zoning, and health codes). Before submitting for a building permit or letting the project out for bid, Franchisee will submit for Penn Station's ~~approval~~consent Franchisee's location-specific drawings and construction documents so that Penn Station may determine compliance with the Construction Guidelines. Penn Station's ~~approval of~~consent to Franchisee's location-specific drawings and construction documents for the Franchised Premises may in no way be construed to be a warranty or representation as to the quality or sufficiency of the design, the architectural concepts, or the construction methods or materials called for in those drawings or documents or whether those drawings and documents meet the requirements of applicable local, state and federal laws, codes and regulations. Franchisee, at its cost, will have the sole responsibility to obtain a reputable, professional commercial contractor, who has restaurant experience, and all building, zoning, health and all other required permits. Franchisee will construct the Franchised Premises strictly in accordance with the ~~approved~~authorized location-specific drawings and construction documents. If Franchisee proposes to sign a lease for any of the specified items of removable equipment or fixtures, or both, Franchisee will submit a copy of the lease to Penn Station for its review and ~~approval~~prior consent. Franchisee will use its best efforts to have included in the lease provisions which allow Penn Station to obtain, at its option, an assignment of Franchisee's rights under the lease if the lease expires or is terminated or this Agreement: (a) is terminated by Penn Station because a Default has occurred or (b) is not renewed by Penn Station because the applicable renewal conditions have not been met in accordance with Section 2.2.

1.3.3 Commencement of Operations. Franchisee must begin operating the Franchised Business at the Franchised Premises by _____, 20__.

1.3.4 Extensions of Time. Penn Station will grant to Franchisee extensions of time to complete the requirements contained in this Section 1.3 for delays that are caused by acts of God and other circumstances which Penn Station determines are beyond Franchisee's control. Penn Station will have the right, in its discretion, to decide the duration of any extension of time and how many extensions (if any) Franchisee may have. If Penn Station determines that the delay was not caused by circumstances beyond Franchisee's control, then no extensions will be granted to Franchisee.

1.3.5 Termination. If either (i) the Premises Lease is not signed by Franchisee and the landlord of the Franchised Premises within 60 days after the date stated in Section 1.3.1 or (ii) Franchisee does not perform its obligations in the manner and within the time requirements of Sections 1.3.2 and 1.3.3 (as the same may be extended by Penn Station under Section 1.3.4), then this Agreement may be terminated by Penn Station pursuant to Section 13.2.1. If the Premises Lease is not signed by Franchisee and the landlord of the Franchised Premises by the date stated in Section 1.3.1 through no fault of Franchisee, then this Agreement may be terminated by Franchisee giving written notice to Penn Station of Franchisee's election to terminate. Franchisee must give notice of its election to terminate no later than the date which is 60 days after the date stated in Section 1.3.1.

1.4 Relocation. If, before the termination of this Agreement: (i) the Premises Lease expires or is terminated and, in the case of a termination of the Premises Lease, Franchisee is not then in default under the Premises Lease; (ii) the Franchised Premises is damaged, condemned or otherwise rendered untenable through casualty so that a Penn Station Restaurant cannot be operated at the Franchised Premises, and, as a result of the damage or condemnation, Franchisee has the right to terminate the Premises Lease; or (iii) Franchisee (a) reasonably determines in good faith that the continued operation of the Franchised Business at the Franchised Premises will impose or cause a substantial economic hardship on Franchisee, (b) has the right to terminate the Premises Lease, and (c) delivers to Penn Station a written explanation of Franchisee's determination and analysis accompanied by supporting financial information and other evidence required by Penn Station, then Penn Station will grant Franchisee permission to relocate the Franchised Business to a new location if the new location is ~~approved~~consented to by Penn Station (Contingencies 1.4(i), (ii) and (iii) above are referred to as a "Relocation Event") subject to the terms of this Section 1.4. The new location (1) must be at a site that has been ~~approved~~consented to by Penn Station in its sole discretion; (2) may not be within (A) the restricted territory provided for in any other franchise agreement between Penn Station and Franchisee, (B) the development territory provided for in any multi-unit development agreement between Penn Station and another franchisee, or (C) the restricted territory of any other Penn Station franchisee as provided for in that franchisee's franchise agreement in effect at the time of selecting a relocation site; and (3) must be in an area in which Penn Station, at the time Franchisee selects a relocation site, is granting Penn Station franchises. Should a Relocation Event occur, Franchisee may (x) proceed to locate a new site for the Franchised Business (the "Relocation Site") in the manner described in Section 1.4.1 if Franchisee is not in Default at the time of the Relocation Event, or (y) terminate this Agreement by giving Penn Station written notice of Franchisee's election to terminate within 90 days after the Relocation Event occurs. If Franchisee elects to terminate this Agreement as provided in this Section 1.4, then Franchisee must comply with all of Franchisee's obligations in Section 14 on termination, and Franchisee will continue to comply with, and will be bound by, all of the other terms and conditions of this Agreement until this Agreement is terminated in accordance with the terms of this Agreement. On request by Franchisee, Penn Station will provide to Franchisee assistance in locating a new site for the Franchised Business after a Relocation Event occurs as Penn Station determines is reasonably required of it under the circumstances.

1.4.1 Proposed Relocation Site. Before leasing any Relocation Site, Franchisee will submit to Penn Station: (i) a written description of the proposed Relocation Site; (ii) information which indicates that the proposed Relocation Site is available to be leased within 60 days after the date that Franchisee submits the proposed Relocation Site to Penn Station for its review; and (iii) all other information as Penn Station may

reasonably request relating to the Relocation Site, including the completion of Penn Station's then current Site Selection Analysis and Request for Site ~~Approval~~Authorization and Lease Checklist forms. Penn Station will review the proposed Relocation Site and material and will, in its sole discretion, determine whether to ~~approve~~consent to the proposed Relocation Site. In exercising its discretion, Penn Station will review the proposed Relocation Site on the basis of Penn Station's criteria for the selection of locations for Penn Station Restaurants. Penn Station's criteria include population density, median income and other demographic information deemed relevant by Penn Station, pedestrian and automobile traffic counts, exposure, accessibility, square footage, interior layout, market value of the property and/or the leases, lease terms, neighboring communities and businesses, the ability of Franchisee to obtain the Lease Addendum from the landlord, the proximity of the Relocation Site to any other Penn Station Restaurant (whether owned by Franchisee, Penn Station, or another Person), and any other criteria as may be used and developed from time to time by Penn Station. Penn Station will provide Franchisee written notice of its ~~approval~~consent or disapproval, as the case may be, of the proposed Relocation Site or will request additional information within 10 days after receiving Franchisee's written proposal; however, Penn Station will provide Franchisee notice of ~~the approval~~its consent or disapproval of the proposed Relocation Site within 30 days after receiving Franchisee's written proposal. Penn Station will not be treated as giving its ~~approval of~~consent to any Relocation Site simply by failing to respond to Franchisee within 30 days after receiving Franchisee's written proposal for a Relocation Site;

1.4.2 Acquisition of Relocation Site. If Penn Station disapproves the proposed Relocation Site, then Franchisee may elect (i) to terminate this Agreement by giving Penn Station notice of Franchisee's election to terminate within 30 days after Penn Station's disapproval of the proposed Relocation Site or (ii) to repeat the process outlined in Section 1.4.1 to locate a Relocation Site; however, if Franchisee is unable under any circumstances to be Under Construction at ~~an approved~~a Relocation Site, consented to by Penn Station, for the Franchised Business by the Relocation Deadline, then Penn Station may terminate this Agreement pursuant to Section 13.2.1. The "Relocation Deadline" means the date which is 180 days after the date that the Relocation Event occurred (as determined by Penn Station). If Penn Station ~~approves~~consents to Franchisee's proposed Relocation Site, then Franchisee will, no later than the Relocation Deadline, be Under Construction at the ~~approved~~consented to Relocation Site. For purposes of this Section 1.4, the Relocation Site is "Under Construction" if all of the following conditions ("Under Construction Conditions") have been satisfied:

(a) no later than the Relocation Deadline, Franchisee must sign a lease for the Relocation Site. The lease must be reviewed and have received ~~the approval of~~ Penn Station's consent before Franchisee signs it. Any proposed lease for the Relocation Site will contain those provisions as are required by Section 1.3.1 for initial leases, including Penn Station's then current Lease Addendum form. Neither Franchisee nor its Owners may directly or indirectly own the Relocation Site (subject to clauses (A) through, and including, (F) of Section 1.3.1);

(b) no later than the Relocation Deadline, Franchisee must (1) complete, at its expense, all construction plans, in accordance with Penn Station's then current Construction Guidelines, by an architect consented to by Penn Station in accordance with requirements of Section 1.3.2 for initial construction, (2) submit the construction plans for review by Penn Station, and (3) obtain, at Franchisee's expense, all applicable permits (including a valid building permit) which will allow Franchisee to begin immediate construction and completion of all applicable Restaurant Improvements to the Relocation Site. Penn Station will provide Franchisee written notice of its ~~approval~~consent or disapproval, as the case may be, of the proposed construction plans within 30 days after receiving the applicable construction plans;

(c) no later than the Relocation Deadline, Franchisee will pay a relocation fee to Penn Station in the amount of $2,500, which is fully earned when paid and non-refundable; and

(d) no later than the Relocation Deadline, Franchisee must sign an amendment to this Agreement to reflect the new Franchised Premises, as re-established at the Relocation Site under Section 1.4.3.

The date on which the last Under Construction Condition is met is referred to as the "Under Construction Date";

1.4.3 Commencement of Operations. Within 120 days after the Under Construction Date, Franchisee will (i) purchase and install all of the Restaurant Improvements as are then required pursuant to Penn Station's then current Construction Guidelines (the construction of the Restaurant Improvements must be in the manner described in Section 1.3.2 for the initial construction of the Franchised Business), and (ii) begin operation of the Franchised Business at the Relocation Site in accordance with the terms of this Agreement, as amended to reflect the new Franchised Premises, as re-established at the Relocation Site under Section 1.4.3. Penn Station will provide on-site assistance for a period of approximately two ~~or three~~to four days before the opening of, and during a portion of the first week of operations of, the Franchised Business at the Relocation Site. The level and duration of Penn Station's assistance will be as Penn Station determines is reasonably required of it under the circumstances. When operations begin at the Relocation Site, (a) the term "Franchised Premises" will mean the Relocation Site; the "Premises Lease" will mean the new lease for the Relocation Site; and "Restricted Territory" will mean the area encompassed within a radius of 1 mile around the Relocation Site, and (b) the terms and conditions of this Agreement will remain in full force and effect as if the Relocation Event had not occurred. Subject to this Section 1.4, the Franchise is granted only for, and Franchisee may operate the Franchised Business only at, the Relocation Site which has become the "Franchised Premises";

1.4.4 Extensions of Time. Penn Station will grant to Franchisee extensions of time to complete the requirements contained in Section 1.4.3 for delays that are caused by acts of God and other circumstances which Penn Station determines are beyond Franchisee's control. Penn Station will have the right, in its discretion, to decide the duration of any extension of time and how many extensions (if any) Franchisee may have. If Penn Station determines that the delay was not caused by circumstances beyond Franchisee's control, then no extensions will be granted to Franchisee;

1.4.5 Termination. If Franchisee does not begin operation of the Franchised Business at the Relocation Site within the time period required by Section 1.4.3 (as may be extended by Penn Station under Section 1.4.4), then this Agreement may be terminated by Penn Station pursuant to Section 13.2.1; and

1.4.6 De-Identification of Former Site. As a condition of relocating to the Relocation Site, Franchisee will, at its expense, make all modifications or alterations to the former Franchised Premises (the "Former Location") before vacating the Former Location as may be necessary or which are requested by Penn Station to prevent the operation of any business or enterprise at the Former Location which Penn Station might deem substantially similar to, or confusingly similar with that of, any Penn Station Restaurant, including the removal of all signs, trade dress and any other articles prepared or owned by Franchisee which display the Marks, Copyrighted Materials or are associated with the System. If Franchisee fails or refuses to comply with the requirements of this Section 1.4.6, then it will be a Default, and Penn Station will have the right to enter the Former Location for the purpose of making all required changes to prevent any impression that a Penn Station Restaurant is still operating at the Former Location or that there is any continuing association or connection with a Penn Station Restaurant at the Former Location. Any action so taken by Penn Station will be at the sole expense of Franchisee (including reasonable attorneys' fees incurred by Penn Station in obtaining injunctive relief, damages or other relief for the enforcement of any provision of this Section 1.4.6). Franchisee will not assert against Penn Station or its agents any action of trespass or other similar tort for the action described in this Section 1.4.6. Under no circumstances will Franchisee attempt to, or enter into an agreement to, sell or otherwise transfer to any subsequent tenant or owner of the Former Location any trade dress of Penn Station or any other

articles prepared or owned by Franchisee which display the Marks, Copyrighted Materials or are associated with the System.

1.5 Non-Assumption. Notwithstanding Penn Station's exercise of its right to ~~approve~~consent to the initial location of the Franchised Premises or the Relocation Site(s), Penn Station does not assume and will not be deemed to have assumed any responsibility or liability to Franchisee for exercising this right. Penn Station makes no representations, warranties or guaranties, express or implied, as to (i) the potential volume, profits, returns, or success of a Penn Station Restaurant at any location consented to by Penn Station under Sections 1.3 or 1.4 or (ii) the accuracy, validity, or reliability of any information provided by any third-party demographic or site selection services firm from whom Penn Station may provide Franchisee information.

2. TERM AND RENEWAL.

2.1 Term. Except as otherwise expressly provided in this Agreement, the initial term of this Agreement is 5 years, [beginning on the date of this Agreement] [or] [which began on [_____, 20__]][1].

2.2 Renewal. Franchisee may renew the Franchise for the Franchised Business at the end of the initial 5 year term (or any then current 5 year renewal term) for an additional, consecutive 5 year term up to a total of 3 consecutive renewal terms of 5 years each if, at the end of the initial term or the then current renewal term, Franchisee satisfies each of the following conditions to the sole satisfaction of Penn Station:

2.2.1 No Notice. Franchisee has not given Penn Station a non-renewal notice. If Franchisee elects not to renew, Franchisee must give a non-renewal notice to Penn Station not less than 3 months nor more than 6 months before the end of the initial term or the then current renewal term;

2.2.2 No Default. Franchisee is not in Default, and Franchisee has substantially complied with all of the terms and conditions of this Agreement and all other agreements between Penn Station and Franchisee pertaining to the Franchised Business;

2.2.3 Payments Made. All monetary obligations owed by Franchisee to Penn Station have been satisfied, and Franchisee has timely met those monetary obligations throughout the term of this Agreement;

2.2.4 Lease Current. The Premises Lease must be in effect, and Franchisee must not be in default under the Premises Lease;

2.2.5 Current Franchise Agreement. Franchisee signs Penn Station's then current franchise agreement for single unit franchisees for the State in which the Franchised Business is located ("New Franchise Agreement") which, when signed, will supersede this Agreement for the applicable renewal term. Franchisee acknowledges and agrees that the New Franchise Agreement signed on each renewal may contain terms and conditions different than those provided for in this Agreement; however, each New Franchise Agreement will contain the same renewal fee as provided in Section 2.2.6, the same continuing monthly royalty fee formula as provided in Section 3.1.2, the same percentage limitation of any Local Advertising as provided in Section 9.1.1, the same percentage of the National Fund (as defined in Section 9.4) fee provided for in Section 3.1.3, the same Restricted Territory as described in Section 1.2, and the same Franchised Premises described in Section 1.3;

2.2.6 Renewal Fee. Franchisee pays to Penn Station a renewal fee in an amount equal to $1,000 for each renewal of the term of this Agreement before the end of the initial term and the then current renewal term; and

[1] For renewal agreements only.

2.2.7 Release. Franchisee executes a general release, in a form prescribed by Penn Station, of any and all claims through the date of renewal against Penn Station and its affiliates, and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities.

2.3 End of Term. At the end of the third and final renewal term of this Agreement (*i.e.*, a total of 20 years if this Agreement has been renewed for all three renewal terms), Franchisee acknowledges and agrees that Penn Station has no obligation to further renew this Agreement or the Franchise. Any renewal of the Franchise will be at the sole option of Penn Station.

3. FEES.

3.1 Fees. In consideration of the Franchise granted to Franchisee, Franchisee will pay to Penn Station the following fees:

3.1.1 Initial Franchise Fee. Simultaneously with signing this Agreement, Franchisee will pay to Penn Station an initial franchise fee in the amount of $25,000, less any previously paid territory reservation fee under a territory reservation letter agreement for the Franchised Premises. The initial franchise fee is treated as being fully earned and non-refundable on the signing of this Agreement by Penn Station and Franchisee except that if this Agreement is terminated by either Penn Station or Franchisee under Section 1.3.5 because the Premises Lease is not signed by Franchisee and the landlord of the Franchised Premises within 60 days after the date stated in Section 1.3.1, then ~~80~~50% of the initial franchise fee paid by Franchisee and collected by Penn Station is refundable to Franchisee within 30 days after the termination of this Agreement as described in Section 1.3.5. Under no other circumstances is the initial franchise fee refundable. No initial franchise fee will be due and payable for any renewal of this Agreement.

3.1.2 Continuing Monthly Royalty Fee. Franchisee will pay to Penn Station a continuing monthly royalty fee during the term of this Agreement in an amount determined as follows[2]
: (i) if Franchisee's Net Sales, as defined below, during the month are less than or equal to $30,000.00, a royalty fee is due in an amount equal to (a) 0.0% (zero percent) if the month for which Franchisee's Net Sales are less than or equal to $30,000.00 occurs during the Applicable Five Year Period (as defined below)[3] or (b) 2.0% of Franchisee's Net Sales if the month for which Franchisee's Net Sales are less than or equal to $30,000.00 occurs after the end of the Applicable Five Year Period; (ii) if Franchisee's Net Sales during the month are greater than $30,000.00 but less than or equal to $35,000.00, a royalty fee is due in an amount equal to 3.0% of Franchisee's Net Sales; (iii) if Franchisee's Net Sales during the month are greater than $35,000.00 but less than or equal to $40,000.00, a royalty fee is due in an amount equal to 4.0% of Franchisee's Net Sales; (iv) if Franchisee's Net Sales during the month are greater than $40,000.00 but less than or equal to $45,000.00, a royalty fee is due in an

[2] With respect to certain Restaurants in certain Underperforming Restaurants, as defined in the franchise disclosure document, there is an abatement of monthly royalty fees for a period of 365 days, as measured by the date of commencement of operations of the Franchised Business at the Franchised Premises, as determined by Penn Station, and ending on the 365th day thereafter, the following provision is added: "Notwithstanding Sections 3.1.2 and 3.2, Penn Station agrees that, beginning on [_____ __, 20__] (the "Effective Date") and until, and including, [_____ __, 20__] (the "Monthly Royalty Abatement End Date"), Franchisee will not be obligated to pay to Penn Station the continuing monthly royalty fees otherwise required by Sections 3.1.2 and 3.2 for Net Sales occurring solely during the period beginning on and after the Effective Date and until, and including, the Monthly Royalty Abatement End Date. Commencing on and after [_____ __, 20__], Franchisee shall pay to Penn Station all of the continuing monthly royalty fees in accordance with Sections 3.1.2 and 3.2 for all of the Net Sales occurring on and after [_____ __, 20__]. Notwithstanding the foregoing abatement of the monthly royalty fees by the terms of this Agreement, Franchisee must continue to provide timely to Penn Station all monthly sales data required under Section 8.1.2 for all months ending on and after the Effective Date and pay to Penn Station all other fees and amounts due under this Agreement."

[3] This clause (a) and references to "Applicable Five Year Period" in this Section will be deleted for any Franchisee that is sign ing a Franchise Agreement for an additional term of 20 years.

amount equal to 5.0% of Franchisee's Net Sales; (v) if Franchisee's Net Sales during the month are greater than $45,000.00 but less than or equal to $50,000.00, a royalty fee is due in an amount equal to 6.0% of Franchisee's Net Sales; (vi) if Franchisee's Net Sales during the month are greater than $50,000.00 but less than or equal to $55,000.00, a royalty fee is due in an amount equal to 7.0% of Franchisee's Net Sales; and (vii) if Franchisee's Net Sales during the month are greater than $55,000.00, a royalty fee is due in an amount equal to 8.0% of Franchisee's Net Sales. The term "Net Sales" means all revenues and income received by Franchisee as a result of, or in connection with, the ownership or operation of the Franchised Business, whether in cash or on credit, and regardless of collection in the case of credit, and whether payment therefor is received by Franchisee in the form of goods or services, excluding from Net Sales any sales tax properly imposed and collected by Franchisee for payment to the appropriate taxing authority. If a customer of Franchisee is entitled to a refund, Franchisee may deduct the amount of the refund from the Net Sales for the month in which the refund is made. Net Sales includes any payments made to Franchisee based on any compensation for any interruption in the operations of the Franchised Business. The royalty fee due on any insurance or other proceeds received for any interruption in the operations of the Franchised Business will be based on the gross sales amount used by the insurance company (or other obligor) to determine that compensation before any reduction for expenses. For purposes of determining Net Sales, any transactions pursuant to which Franchisee furnished goods or services in exchange for goods or services to be provided to Franchisee will be valued at the full retail value of the goods or services so provided to Franchisee. The monthly Net Sales will be reported to Penn Station as required by the Confidential Operating Manual or as otherwise designated by Penn Station in writing. "Applicable Five Year Period" means the period beginning with the first month (or portion of that month) in which Franchisee first began operating the Franchised Business at the Franchised Premises during the initial 5 year term of this Agreement (the "First Month of Operations") and ending on the last day of the month which is the fifty-ninth (59^{th}) month occurring after the First Month of Operations (the "Last Month of the Applicable Five Year Period"). For purposes of illustration, if the Restaurant began operations on July 15, 2017, then the First Month of Operations would be July, 2017, and the Last Month of the Applicable Five Year Period would be June, 2022.

3.1.3 National Advertising Fee. Franchisee will pay into the National Fund, on a monthly basis, an amount equal to 3% of Franchisee's monthly Net Sales from the Franchised Business. Notwithstanding the preceding sentence, Penn Station may elect, in its sole judgment, from time to time to require Franchisee to pay into the National Fund, on a monthly basis, an amount less than 3% of Franchisee's monthly Net Sales from the Franchised Business but an amount at least equal to, or greater than, 2% of Franchisee's monthly Net Sales from the Franchised Business. If Penn Station elects from time to time to begin requiring Franchisee to pay into the National Fund, on a monthly basis, an amount greater than 2% (but not in excess of 3%) of Franchisee's monthly Net Sales from the Franchised Business, Penn Station will give Franchisee at least 30 days advance notice of each change, and Franchisee will after each change begin making the required percentage payment into the National Fund, on a monthly basis, until Franchisee receives any further notice or notices from Penn Station of any further changes.

3.2 Delivery of Reports and Fees. All monthly payments required by this Section 3 or by Section 9.4, together with the monthly sales data required under Section 8.1.2, must be received by Penn Station no later than 5:00 p.m. on the 10th day of each month for sales during the preceding calendar month. Any payment or sales data not actually received by Penn Station for any reason on or before the 10th day of the applicable month will be deemed overdue. If any payment (or sales data) is overdue, Franchisee will pay to Penn Station, in addition to the overdue amount, (i) a late payment fee (the "Late Fee") in an amount equal to the lesser of (a) $75.00 or (b) the maximum amount permitted by applicable law, and (ii) if Penn Station does not receive the required payment for more than 10 days past the due date, interest, in addition to the Late Fee, on the amount of any late payment from the date the payment became due until paid at a rate per annum (the "Default Rate") equal to the lesser of (A) 3% plus the prime rate of Fifth Third Bank, Cincinnati, Ohio (or any successor), in effect on the day the payment became due and subject to change thereafter or (B) the maximum rate permitted by applicable law. Penn Station's right to receive this interest payment and the Late Fee is in addition to any other

rights and remedies Penn Station may have under this Agreement or applicable law and is not a waiver of any Default that occurs or an agreement by Penn Station to permit any late payments whatsoever. Penn Station has implemented an electronic funds transfer method of payment of any and all amounts due Penn Station under this Agreement as designated by Penn Station from time to time. On Penn Station's request, Franchisee will sign all necessary forms to cause those payments to be made by electronic transfer from Franchisee's bank account to Penn Station's bank account. Penn Station has the right to initiate an electronic payment of the monthly payments required by this Section 3 or by Section 9.4 at any time on or after the first business day of each calendar month. Franchisee will not be entitled to any refund or distribution from Penn Station (or any delegatee of Penn Station) of any amounts paid to Penn Station (including any Supplier Funds) (or any delegatee of Penn Station) if the Franchisee Transfers the Franchised Business to another Person or otherwise.

4. ADDITIONAL PENN STATION COVENANTS.

4.1 Penn Station Obligations. During the initial term of this Agreement and any renewal term, if applicable, Penn Station will:

4.1.1 Specifications. make available to Franchisee Penn Station's then current Construction Guidelines, the name of an ~~approved~~authorized architect, and, to the extent available, written specifications for, and the names of ~~approved~~authorized suppliers of, the specific items of Restaurant Improvements then specified by Penn Station for Penn Station Restaurants. Penn Station will provide Franchisee with advice regarding Franchisee's construction of the Franchised Premises as Penn Station determines is reasonably required of it under the circumstances;

4.1.2 Training; Opening Assistance. provide the Training Program (as defined in Section 5.1.1) for ~~an individual franchisee (sole proprietor),~~ the Managing Owner (as defined in Section 5.2.1) and the ~~Operations Director~~Designated Owner (as defined in Section ~~5.2.2), and the General Manager (as defined in Section 5.1.7) consented to by Penn Station who is described in clauses (c) and (d) of item (i) of Section 5.1.1.~~5.2.5). Penn Station will provide and pay only for the training instructors, training facilities and training material in connection with the Training Program for the first Managing Owner~~, the first Operations Director,~~ and the first ~~General Manager~~Designated Owner. Franchisee will be obligated to pay any required training or, as applicable, verification fee to Penn Station pursuant to Section 5.1.1 for ~~any new individual franchisee (sole proprietor),~~(i) any replacement Managing Owner~~,~~ or replacement Designated Owner and (ii) any Operations Director (including any person who replaces the Managing Owner in his capacity as the Operations Director)~~, or replacement~~ and any General Manager. The Training Program provided by Penn Station is subject to the terms and conditions in Section 5.1.1. Penn Station will also make available, from time to time, any future training programs that Penn Station develops for, and provides to, all of its franchisees ~~(sole proprietors)~~ and their managing owners, operations directors, and general managers. In addition to the Training Program, Penn Station will also provide on-site assistance (concurrently with the on-site portion of the Training Program) for a period of approximately two ~~or three~~to four days before the opening of, and during a portion of the first week of operations of, the Franchised Business. The level and duration of Penn Station's assistance will be as Penn Station determines is reasonably required of it under the circumstances;

4.1.3 Specifications; Suppliers. provide ~~through the Confidential Operating Manual (or otherwise~~ in writing to Franchisee~~)~~, including through Penn Station's Outernet, a list of specified inventory, supplies, and services, and the names of an ~~approved~~authorized supplier or suppliers for inventory, supplies and services;

4.1.4 Continuing Assistance. provide continuing advisory assistance to Franchisee as Penn Station determines is reasonably required from Penn Station in connection with Franchisee's operation of its Penn Station Restaurant, which assistance may be provided through Penn Station's ~~Website~~Outernet;

4.1.5 ~~**Op Manual**~~**Manuals**. loan Franchisee one copy of the Confidential Operating Manual, the point-of-sale manual (the "POS Manual"), the Training Manuals (as defined in Section 7.1), and the Accounting Manual (as defined in Section 8.1.1);

4.1.6 **Product Analysis**. perform, from time to time, an analysis of its products and services, and Penn Station will provide to Franchisee the benefit of any new developments by Penn Station resulting from its analysis if (i) Penn Station determines that the new development comes within the scope of the products sold and services rendered by a Penn Station Restaurant and (ii) Penn Station has given notice to all franchisees to implement these new developments as a part of the System; and

4.1.7 **Inspections**. conduct, as it deems advisable (and Franchisee will cooperate and permit Penn Station to conduct), inspections of the Franchised Premises and undertake Performance Evaluations of Franchisee's operation of the Franchised Business for purposes of protecting the Marks and the System, attaining uniform standards for each Penn Station Restaurant and ensuring compliance with the Confidential Operating Manual and this Agreement.

4.2 **Non-Assumption**. Penn Station will not, by virtue of any consents, approvals, advice, assistance, inspections, or services provided to Franchisee, assume any responsibilities or liabilities (i) of Franchisee or (ii) to any Person.

5. ADDITIONAL FRANCHISEE COVENANTS.

5.1 **Franchisee Duties**. Franchisee understands and acknowledges that is vital to develop and to obtain uniform standards within the System and to ensure uniform compliance with the Confidential Operating Manual, to increase demand for the products sold and services performed by all franchisees, and to protect Penn Station's goodwill and the Marks, and to that end:

5.1.1 **Training Program**.

(i) ~~Each of (a) an individual franchisee (sole proprietor), (b) the Managing Owner and, if applicable, the Operations Director, (c) the General Manager, if applicable, of a franchisee which owns only one Restaurant, and (d) the first General Manager of a franchisee's first Restaurant, which franchisee will own more than one Restaurant, will~~The Managing Owner must attend and complete, in full compliance with, all aspects of Penn Station's managing owner training program, as time to time in effect (the "Managing Owner Training Program"). ~~The~~During the Managing Owner Training Program ~~is comprised of two parts as applicable: first, there will be initial training conducted at a Penn Station Restaurant designated by Penn Station which will take place before the opening of Franchisee's Restaurant. This part of the Training Program will be for a period of approximately four weeks in duration and will cover the operation and management of the Franchised Business. The second part of the Training Program takes place during the on-site assistance provided by Penn Station which is two or three days before the opening of, and during a portion of the first week of operations of, the Franchised Business. This part of the Training Program will take place at the Franchised Premises~~, the Managing Owner will be required to demonstrate appropriate knowledge and skill, in accordance with Penn Station's then current Managing Owner Training Program requirements and standards, in the management and operation of a Penn Station Restaurant;

(ii) The Designated Owner must attend and complete, in full compliance with, all aspects of Penn Station's designated owner training program, as time to time in effect (the "Designated Owner Training Program"). The Managing Owner Training Program and the Designated Owner Training Program are sometimes collectively referred to herein, as applicable, as the "Training Program". During the Designated

Owner Training Program, the Designated Owner will be required to demonstrate appropriate knowledge and skill, in accordance with Penn Station's then current Designated Owner Training Program requirements and standards, in the management of a Penn Station Restaurant;

(iii) The Training Program is mandatory for ~~an individual franchisee, any General Manager (or replacement General Manager) consented to by Penn Station who is described above in clauses (c) or (d) of item (i) of this Section 5.1.1, and, as applicable, the Operations Director (or replacement Operations Director) and the Managing Owner (or replacement Managing~~the Managing Owner (or replacement Managing Owner) and the Designated Owner (or replacement Designated Owner). If, after the date this Agreement is signed by Penn Station and Franchisee, a new person becomes (or replaces), pursuant to the terms of this Agreement, ~~an individual franchisee (sole proprietor), a General Manager (who is described above in clauses (c) or (d) of item (i) of this Section 5.1.1),~~ the Managing Owner or the ~~Operations Director~~Designated Owner, then Franchisee must pay to Penn Station its then current training fee to train the new person under the Training Program. The training fee is due ~~within 14 days after~~by the 10th day of the calendar month immediately following the calendar month in which the new person ~~begins~~finished his or her training. No training of any ~~approved~~ replacement ~~General Manager, any~~ Managing Owner ~~or Operations Director~~ may occur until a ~~General Manager Agreement (as defined in Section 5.1.7) with the replacement General Manager, as applicable, a~~ Managing Owner Agreement (as defined in Section 5.2) with the replacement Managing Owner, ~~as applicable, an Operations Director Agreement (as defined in Section 5.2) with the replacement Operations Director~~who has been consented to by Penn Station, has been confirmed by Penn Station as being in compliance with its guidelines, has been signed by Franchisee and the ~~General Manager, the~~replacement Managing Owner~~, and, as applicable, the Operations Director,~~ and has been delivered to Penn Station. ~~During the Training Program, an individual franchisee, the Managing Owner, the Operations Director, and, as applicable, the General Manager will each be required to demonstrate appropriate knowledge and skill, in accordance with Penn Station's then current Training Program requirements and standards, in the management and operation of a Penn Station Restaurant. Except as provided above in this Section 5.1.1,~~ Penn Station will provide and pay only for the training instructors, facilities and training material in connection with the Training Program~~. Under~~ for your first Managing Owner and your first Designated Owner. Except as provided in the foregoing sentence, under all circumstances, all accommodations, meals, travel expenses, wages and benefits of ~~an individual franchisee,~~ the Managing Owner~~, the Operations Director,~~ and, as applicable, the ~~General Manager~~Designated Owner during the training period will be borne by Franchisee;

~~(iii) At Penn Station's request, an individual franchisee, the Managing Owner, the Operations Director, and, as applicable, the General Manager will attend and complete any additional, future training programs that Penn Station may establish from time to time for its franchisees, managing owners, operations directors, and their general managers. Franchisee must pay for all expenses incurred with these other training programs including the cost of wages, travel, accommodations, and meals; and~~

(iv) Notwithstanding anything to the contrary in this Section 5.1.1, if Franchisee owns more than one Penn Station Restaurant franchise or has signed a multi-unit development agreement, Franchisee will, unless directed otherwise by Penn Station, provide training for ~~any General Manager, consented to by Penn Station, hired after Franchisee's first General Manager for Franchisee's first Restaurant~~(a) each General Manager and (b) any Operations Director. No training of any General Manager may occur until a General Manager Agreement (as defined in Section 5.1.7) with the General Manager has been confirmed by Penn Station as being in compliance with its guidelines, has been signed by Franchisee and the General Manager and has been delivered to Penn Station. No training of any Operations Director may occur until an Operations Director Agreement (as defined in Section 5.2) with the Operations Director has been confirmed by Penn Station as being in compliance with its guidelines, has been signed by Franchisee and the Operations Director and has been delivered to Penn Station. Franchisee's training program of each General Manager and Operations Director must be carried out to Penn Station's satisfaction by Franchisee within 30 days after the General Manager or Operations Director is hired by Franchisee and in accordance with Penn Station's then current ~~Training~~

~~Program~~training requirements and standards for General Managers and Operations Directors. If Franchisee fails to train any General Manager or Operations Director within that 30 day period, Penn Station shall have the right, as detailed below, to perform the training itself, and Franchisee will pay to Penn Station its then current training fee for that training upon receipt of Penn Station's request for payment therefor. Penn Station will also verify, on-site at each Restaurant, the sufficiency of the training of each General Manager and Operations Director of the Franchised Business ~~who is trained by Franchisee. If the applicable General Manager is a replacement General Manager (*i.e.*, a person who replaces an existing General Manager of the applicable Restaurant as opposed to being the first General Manager of the applicable Restaurant)~~. Franchisee will pay a fee to Penn Station equal to Penn Station's then current per diem training fee for each day (or portion of a day) Penn Station spends verifying the training of each General Manager, upon receipt of Penn Station's request for payment therefor. If the applicable Operations Director has not previously completed training as a General Manager, then Franchisee will pay a fee to Penn Station equal to Penn Station's then current per diem training fee for each day (or portion of a day) Penn Station spends verifying the training of each ~~General Manager whose training Franchisee initially provided~~Operations Director, upon receipt of Penn Station's request for payment therefor. If Penn Station determines that any General Manager or Operations Director (*i.e.*, regardless of whether the General Manager or Operations Director is the initial General Manager or any replacement General Manager or Operations Director) was not, in Penn Station's judgment, trained adequately, then Penn Station may, in addition to all of its other rights and remedies under this Agreement, require the General Manager or Operations Director to attend additional training at a Penn Station Restaurant designated by Penn Station. Franchisee will pay to Penn Station a fee equal to Penn Station's then current per diem training fee for each day (or portion of a day) that the General Manager receives training at a Restaurant selected by Penn Station. Franchisee must pay for all expenses of the General Manager or Operations Director incurred with respect to his additional training in Cincinnati, including the cost of travel, accommodations, and meals and the General Manager and Operations Director's wages and benefits. Nothing in this Section 5.1.1, however, relieves, or may be treated as relieving, Franchisee of, or as suspending, any of its duties and obligations under this Agreement during the time that the General Manager or Operations Director is receiving that additional training in Cincinnati, Ohio; and

(v) At Penn Station's request, the Managing Owner, the Operations Director, the General Manager, and, as applicable, the Designated Owner will attend and complete any additional, future training programs that Penn Station may establish from time to time for its franchisees, managing owners, operations directors, and their general managers. Franchisee must pay for all expenses incurred with these other training programs including the cost of wages, travel, accommodations, and meals;

5.1.2 Approved Inventory, Supplies, Equipment and Services. Franchisee will use at all times only those products, ingredients, inventory, supplies, equipment, Restaurant Improvements, and services which have been specified by Penn Station. Franchisee must use all mandated suppliers unless an alternative supplier has been ~~approved~~consented to by Penn Station. If Penn Station gives Franchisee notice of any change in any mandated supplier or any change in any such items or services for which there is a mandated supplier, Franchisee will immediately begin using the new mandated supplier and, as applicable, begin using the mandated items or services from the mandated supplier. Penn Station may from time to time be a mandated supplier. All mandated products, ingredients, inventory, supplies, equipment, Restaurant Improvements, services and suppliers will be ~~listed in the Confidential Operating Manual (or will be otherwise disclosed~~provided in writing by Penn Station to Franchisee (including through Penn Station's Outernet). Franchisee may not deviate from the mandated products, ingredients, inventory, supplies, equipment, Restaurant Improvements or services (or from the mandated suppliers of those goods or services) by using nonconforming items or alternative suppliers without obtaining the written consent of Penn Station before any proposed use. Penn Station makes no representations or warranties (express or implied) as to the performance, merchantability or fitness for a particular purpose of, or any other implied warranties of any kind with respect to, any of the products, ingredients, inventory, supplies, equipment, Restaurant Improvements or services approved, consented to or selected by Penn Station or any representations or warranties regarding any ~~approved~~authorized suppliers (including any architect). Penn Station reserves the right in its discretion, exercised in a reasonable manner, to revoke any ~~approval~~consent it gave to

Franchisee for the use of non-conforming items or services or alternative suppliers on 30 days' notice to Franchisee. It will be a reasonable exercise of Penn Station's discretion to revoke its ~~approval of~~consent to any products, ingredients, inventory, supplies, equipment, Restaurant Improvements, services or any alternative supplier used by Franchisee if Penn Station, in its sole discretion, determines that the quality of the food products sold by Franchisee, service to customers, the System, or the goodwill associated with the Marks is or may be adversely affected. Franchisee will maintain at all times sufficient products, ingredients, inventory and supplies on hand so as to operate the Franchised Business at an operating capacity, at a minimum, which meets the day to day sales volume, measured as of any date, by the average sales volume of the Franchised Business over the immediately preceding 30 days;

5.1.3 Approved Services. Franchisee will sell or offer for sale only those products and services which meet Penn Station's standards of quality and performance as provided in the Confidential Operating Manual or otherwise in writing, and Franchisee must sell all menu items specified in the Confidential Operating Manual unless Penn Station expressly agrees otherwise in writing. Franchisee may not sell or offer for sale any products or services unless those products or services have been previously ~~approved~~consented to by Penn Station in writing. Franchisee must immediately discontinue offering any products or services which Penn Station, in its discretion, disapproves in writing at any time. Franchisee may only sell products and services from its Franchised Business on a retail sales basis. Except as permitted in the Confidential Operating Manual, Franchisee may not, and may not directly or indirectly use a third-party to, deliver any food products to any customers outside of the Franchised Premises. Franchisee will, at its expense, purchase and use in the Franchised Business all beverage containers and food packaging bearing the Marks. If Penn Station develops new products and services and has given notice to Franchisee to begin to offer any of the new products and services for sale, then Franchisee will, at its expense, begin offering to its customers all of these new products and services within 30 days after receiving notice from Penn Station. In connection with any changes in the products and services offered for sale at a Penn Station Restaurant which have been specified by Penn Station (including any changes in menu items), Franchisee will purchase, as required by Penn Station, (i) new menu boards, in-store displays and other point of sale materials (including food photographs) advertising or promoting the changes and (ii) any related equipment that Penn Station has determined is needed in connection with the change in products or services that Penn Station has implemented;

5.1.4 Inspections; Point-of-Sale System.

(i) Franchisee will permit Penn Station and its agents, during business hours or at any other reasonable time, to enter onto Franchisee's Franchised Premises for the purposes of conducting inspections and Performance Evaluations to ensure compliance with the Confidential Operating Manual and this Agreement. Penn Station and its agents will have access to the entire Franchised Premises, Franchisee's books and records, and Franchisee's point-of-sale system (including any computer which is directly or indirectly a part of that system whether located at Franchised Premises or at any office maintained by the Managing Owner or Franchisee). Penn Station and its agents may, during an inspection, (a) cause Franchisee's point-of-sale system to print a report showing the sales information for that day, (b) cause Franchisee's point-of-sale system to transfer the reports, then required by Penn Station under the Confidential Operating Manual, to the computers of Penn Station and its agents, and (c) remove from the Franchised Premises samples of any inventory items without any payment and in amounts Penn Station determines are reasonably necessary for inspection/testing by Penn Station. Penn Station will pay for the costs of any inspection/testing unless (1) the supplier of the item has not been ~~approved~~authorized or (2) the item itself (A) was not previously approved or specified by Penn Station and (B) does not meet Penn Station's standards and specifications, which, in either case, Franchisee will pay to Penn Station the reasonable costs of inspection/testing. Without limiting Penn Station's other rights or remedies under this Agreement, Franchisee will immediately take all steps as are necessary in Penn Station's judgment to correct any violations of this Agreement or the Confidential Operating Manual detected during a Performance Evaluation or any other inspection;

(ii) Penn Station and its agents will have the right, at any time that the Franchised Business is not open for business, to poll/access Franchisee's point-of-sale system (including any computer which is directly or indirectly a part of that system whether located at the Franchised Premises or at any office maintained by the Managing Owner or the Franchisee) to retrieve all sales, costs, financial, and other data (other than any employee personnel records, including payroll records) from the point-of-sale system which is then required by Penn Station under the Confidential Operating Manual. Franchisee will ensure that its point-of-sale system is in good working order to enable Penn Station electronically to gather from Franchisee all relevant information. All data and information (other than any credit, debit or other card data or employee personnel records, including payroll records) provided by Franchisee including that which is polled/downloaded from Franchisee's point-of-sale system (or otherwise collected from Franchisee's point-of-sale system by Penn Station) or is otherwise provided to Penn Station under the terms of this Agreement (including the Operating Income Statement under Section 8) is and will be owned exclusively by Penn Station, and Penn Station will have the right to use that data and information in any manner that Penn Station deems appropriate without compensation to Franchisee;

(iii) Franchisee will, at Penn Station's request (which will not be made more often than once during each renewal term of this Agreement other than in connection with any ~~CR~~POS Security Updates) purchase, install and maintain, at Franchisee's expense, the cash registers (if any), the point-of-sale systems, communication and information systems (including computer hardware and software and internet access) ("~~CR~~POS System Upgrade") that is specified by Penn Station for new Penn Station Restaurants at the time Penn Station makes its request of Franchisee to upgrade the point-of-sale systems, communication and information system then used with respect to the Franchised Business. Franchisee will complete the ~~CR~~POS System Upgrade within 60 days after delivery to Franchisee of Penn Station's request for a ~~CR~~POS System Upgrade; and

(iv) Regardless of any limitations on the frequency of a ~~CR~~POS System Upgrade set forth in Section 5.1.4(iii), Franchisee will be required to purchase, install, and maintain, at its expense, any equipment, software, or other systems arising from each ~~CR~~POS Security Update (a) that is imposed by any credit, debit, or other card association or system, card processing entity or data security standards entity (a "Card Association"), any governmental authority or any vendor of the operating system for the point-of-sale, communication and information systems (including hardware and software) utilized in the Franchised Business and (b) of which Penn Station (or any Card Association, governmental authority or operating system vendor) gives notice to Franchisee from time to time. A "~~CR~~POS Security Update" means any equipment, software, or other systems required, from time to time, (1) to be in compliance with the then current (in each case, a "Card Security Standard") Payment Card Industry Data Security Standards (or any similar--or successor--data security standards that are imposed by any Card Association) or any other existing or future data security requirements imposed under applicable law and/or (2) as a result of the operating system of the point-of-sale, communication and information systems being no longer supported by the vendor. Each ~~CR~~POS Security Update will be completed in the time period prescribed by the Card Associations, any governmental authority or any operating system vendor to implement the ~~CR~~POS Security Update. As between Penn Station and Franchisee, it is Franchisee's sole duty and responsibility to ensure that Franchisee's cash registers (if any), point-of-sale systems, communication and information systems (including computer hardware and software and internet access) are in compliance with all Card Security Standards and applicable law at all times;

5.1.5 Compliance. Franchisee will maintain the Franchised Business and Franchised Premises in a clean, attractive condition and in good repair. Franchisee will not use or allow the use of the Franchised Premises for any purpose or activity other than for the Franchised Business without the written consent of Penn Station. Franchisee will comply with all laws, regulations and rules applicable to the Franchised Business, including federal, state and local tax and withholding laws, minimum wage, child labor, truth-in-advertising, consumer and health laws, civil rights laws, the Occupational Safety and Health Act, and all

other present or future laws, regulations and rules relating to terrorist acts and acts of war. Franchisee will pay all taxes when due and payable. Franchisee is the employer of each of its employees. On a joint and several basis, Franchisee and each of Franchisee's Owners represent and warrant to Penn Station that neither Franchisee nor any Franchisee's Owners, nor any officer of Franchisee is identified, either by name or an alias, pseudonym, or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx) ("OFAC Lists"), or has engaged in any transaction with any party identified on the OFAC Lists. Further, Franchisee and each of Franchisee's Owners represent and warrant that none of Franchisee, any of Franchisee's Owners, or any officer of Franchisee has violated, and each of Franchisee, each of Franchisee's Owners, and each of Franchisee's officers agree not to violate any law, statute, code, Executive Order, decree, rule or regulation prohibiting money laundering, bribery, corruption, drug trafficking, illicit trade or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13,224 (text available at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf), or any similar law. The foregoing constitute continuing representations and warranties. Franchisee shall immediately notify Penn Station in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading;

5.1.6 Store Remodel. In addition to periodic painting, wall papering and other redecoration required by the Confidential Operating Manual as part of the on-going maintenance and upkeep of the Franchised Business, any ~~CR~~POS System Upgrade, and any ~~CR~~POS Security Updates, Franchisee will, at Penn Station's request, refurbish, remodel, and update the Franchised Premises at Franchisee's expense to conform to the building design, interior layout, trade dress, equipment (including signage), fixtures, color schemes and presentation of the Marks consistent with Penn Station's then current Construction Guidelines (the "Store Remodel"). Franchisee must submit a preliminary floor plan ~~(~~, which may need to be prepared by an ~~approved~~authorized architect~~)~~, of the Store Remodel to Penn Station for its review and ~~approval~~prior consent if plans are required by applicable law or requested by Penn Station. Once the preliminary floor plan, if any, is ~~approved~~authorized by Penn Station for the Store Remodel, Franchisee, at its expense, will have the ~~approved~~authorized architect prepare location-specific drawings and construction documents based on the Construction Guidelines if plans are required by applicable law or requested by Penn Station. It is the Franchisee's responsibility to ensure that the location-specific drawings and construction documents comply with local laws and regulations (including building, zoning, and health codes). Penn Station's ~~approval of~~consent to Franchisee's location-specific drawings and construction documents for the Franchised Premises may in no way be construed to be a warranty or representation as to the quality or sufficiency of the design, the architectural concepts, or the construction methods or materials called for in those drawings or documents or whether those drawings and documents meet the requirements of applicable local, state and federal laws and regulations. Before submitting for a building permit or letting the project out for bid, Franchisee will submit for Penn Station's ~~approval~~prior consent Franchisee's location-specific drawings and construction documents so that Penn Station may determine compliance with the Construction Guidelines. Franchisee will complete the Store Remodel within 120 days after delivery to Franchisee of Penn Station's request for a Store Remodel (subject to permitted extensions of time, of a duration and frequency as are determined by Penn Station, for delays beyond Franchisee's control). Franchisee will not be required to undertake a Store Remodel of the Franchised Premises (i) more than a total of two times during the period from the date of the beginning of the initial term of this Agreement to the end of the last renewal term exercisable by Franchisee (*i.e.,* a total of 20 years--initial term of 5 years and 3 consecutive renewal terms of 5 years each) and (ii) any sooner than five years from the date of the last Store Remodel completed by Franchisee of the Franchised Premises. Notwithstanding the foregoing, if Franchisee has already completed a full term of 20 years and is purchasing a new Penn Station franchise for the same Restaurant location under this Franchise Agreement for an additional term of 20 years (*i.e.*, assuming all three of the 5 year renewal terms were made after the initial term of five years hereunder), Franchisee must, in

addition to the above described remodeling, remodel the Restaurant within the timing and scope established by Penn Station as a condition of Penn Station entering into this Agreement with Franchisee;

5.1.7 On-Site Operation.

(i) ~~If Franchisee is an individual operating as a sole proprietor, then Franchisee himself~~The Managing Owner must personally perform all of the day-to-day operational, management and supervisory tasks necessary to sell the products and services offered by a Penn Station Restaurant at the Franchised Premises, including, for example, carrying out the direct, on-premises supervision, management and operation of the Franchised Business as required by the Confidential Operating Manual (the "On-Site Responsibilities") ~~unless Franchisee has received Penn Station's prior approval to hire a General Manager to perform the On-Site Responsibilities at the Franchised Premises. If Franchisee is a Business Entity (as defined in Section 5.2), then the Managing Owner must personally perform all of the On-Site Responsibilities~~ at the Franchised Business unless Penn Station has ~~approved~~authorized Franchisee's request to hire a qualified general manager ("General Manager") for the Franchised Business pursuant to Penn Station's then current General Manager Guidelines;

(ii) If Penn Station ~~approves~~authorizes Franchisee~~'s~~, at its request, to hire a General Manager to perform the On-Site Responsibilities at the Franchised Premises, then the General Manager will be the person designated by Franchisee to perform personally all of the On-Site Responsibilities at the Franchised Premises. The General Manager must devote his full time and energy to operating the Franchised Business. Because the General Manager will have On-Site Responsibilities at the Franchised Premises, before Franchisee may make an offer of employment to the proposed General Manager, Franchisee must provide to Penn Station a copy of the proposed employment agreement for the General Manager (the "General Manager Agreement") for Penn Station to determine whether the terms of Penn Station's then current General Manager Guidelines have been complied with by Franchisee. Once Penn Station has provided its consent, then the General Manager must complete his training from Franchisee in full compliance with Penn Station's then current ~~Training Program~~general manager training program requirements and standards (subject to verification by Penn Station) and the terms of this Agreement. No later than the date the General Manager (whether initial or replacement) begins any training whatsoever or any duties whatsoever as General Manager at the Franchised Business, Franchisee must deliver a copy of the General Manager Agreement, which was previously consented to by Penn Station, signed by Franchisee and the General Manager. If, after the date this Agreement is signed by Penn Station and Franchisee, a new person becomes (or replaces) the General Manager, then foregoing provisions of this Section 5.1.7 and the other terms of this Agreement must be satisfied with regard to the hiring and training of the new General Manager. Notwithstanding Franchisee's use of a General Manager for the Franchised Business, Franchisee, along with the Managing Owner and the Operations Director ~~of a franchisee Business Entity~~, will be personally responsible for compliance with the terms of this Agreement and the Confidential Operating Manual;

(iii) After operations begin, Franchisee will provide appropriate training and supervision for all personnel employed in the Franchised Business in addition to the training by Franchisee of its General Manager if Franchisee owns more than one Penn Station Restaurant or has signed a multi-unit development agreement; and

(iv) All of Franchisee's employees ~~(including any franchisee who is a sole proprietor)~~, while engaged in the operation of the Franchised Business on-site, will wear uniforms conforming in color and design to those specifications as Penn Station may designate in the Confidential Operating Manual or otherwise in writing. Franchisee and all its employees will, at all times, operate the Franchised Business as a first-class restaurant establishment, having the highest levels of customer service, food quality and presentation as may, for example, be found in similar franchised restaurants and, during the operation of the Franchised Business, present a neat and clean appearance, and render competent, prompt and courteous service to the customers of Franchisee;

5.1.8 Continuous Operation. Franchisee will operate the Franchised Business under this Agreement for the full term of this Agreement during the hours and on the days specified by Penn Station in the Confidential Operating Manual or otherwise in writing except to the extent Franchisee is prohibited from operating the Franchised Business because of acts of God or the terms and conditions of the Premises Lease;

5.1.9 Working Capital. Franchisee will maintain at all times adequate cash and other working capital invested in the Franchised Business during the term of this Agreement or any additional amounts as Franchisee determines is required to ensure the proper and efficient operation of the Franchised Business;

5.1.10 Alterations. Except (i) arising out of a ~~CR~~POS System Upgrade or a ~~CR~~POS Security Update, in each case, under Section 5.1.4 or a Store Remodel under Section 5.1.6 or (ii) any on-going painting, wall papering or other redecoration required by the Confidential Operating Manual as part of the maintenance and upkeep of the Franchised Business, Franchisee will not make any alterations to the interior or exterior layout, design, color schemes, trade fixtures, equipment, furnishings, furniture, or other Restaurant Improvements or the dimensions of the Franchised Premises without the prior written ~~approval~~consent of Penn Station;

5.1.11 Annual Meetings. ~~An individual franchisee (sole proprietor)~~The Managing Owner or, in his or her absence, the Designated Owner, ~~the Managing Owner, and the Operations Director of a franchisee Business Entity, and, as applicable, any General Manager~~ will attend, at Franchisee's expense, the entire applicable annual meetings of franchisees (*i.e.,* from start to finish of each day of the meetings) at the places and dates designated by Penn Station. Penn Station will provide notice of the annual meetings at least 30 days in advance of the meetings. If ~~an individual franchisee (sole proprietor)~~the Managing Owner or the Designated Owner~~, the Managing Owner or the Operations Director of a franchisee Business Entity, or~~, as applicable, ~~any General Manager of Franchisee~~ does not attend the applicable annual meeting, then Franchisee will, on Penn Station's request, pay a fee to Penn Station up to $2,500 for each applicable annual meeting (including any portion of a meeting) missed by ~~each~~such person. Penn Station's right to charge a fee for a required person's absence at one or more annual meetings is in addition to all other rights or remedies that Penn Station has as a result of that Default, including the right to terminate this Agreement;

5.1.12 Compliance with Agreements. Franchisee will comply with all other requirements in this Agreement, the Confidential Operating Manual (as updated and changed from time to time) and all other agreements between Penn Station and Franchisee; and

5.1.13 Residence Requirements. The proximity of the principal residence of ~~an individual franchisee (sole proprietor),~~ the Managing Owner and the Operations Director ~~of a franchisee Business Entity~~, and, as applicable, any General Manager of the Franchised Business to the Franchised Premises must, in each instance, have the prior ~~approval~~consent of Penn Station.

5.2 Form of Business Organization; Managing Owners; Operations Directors. The legal form of Franchisee's business organization must be, and must remain throughout the term of this Agreement ~~as, either (i) a sole proprietorship or (ii)~~ the type of Business Entity listed on Exhibit A attached. A "Business Entity" means either a corporation, if Exhibit A lists Franchisee as a corporation, or a limited liability company, if Exhibit A lists Franchisee as a limited liability company. Only natural persons may be an Owner of Franchisee. An "Owner" means a shareholder or a holder of any other Ownership Interest (as defined in Section 5.2.3) in Franchisee, if Franchisee is a corporation, or a member or a holder of any other Ownership Interest in Franchisee, if Franchisee is a limited liability company. Franchisee represents to Penn Station that its Owners and Officers are listed on Exhibit A attached. An "Officer" means a corporate officer of Franchisee, if Franchisee is a corporation, or a manager or named officer of Franchisee, if Franchisee is a limited liability company. Any new person that proposes to become an Owner of Franchisee (who is not an Owner of Franchisee on the date of this

Agreement) or any change proposed among the persons who are Owners of Franchisee on the date of this Agreement (*e.g.,* a change in percentage ownership) must have the prior ~~approval~~consent of Penn Station pursuant to Section 12; however, without Penn Station's prior ~~approval~~consent, there cannot be more than a total of three Owners ~~of any franchisee Business Entity~~ at any time unless Franchisee owns (or has the right to own) more than two Penn Station Restaurants. If Franchisee owns (or has the right to own) more than two Penn Station Restaurants, then the number of Owners may be greater than three so long as the number of Owners has received the prior ~~approval~~consent of Penn Station. Franchisee must give Penn Station prompt notice in writing of any change in those persons who are Officers of Franchisee having executive authority. Permission to operate as a Business Entity is conditioned on Franchisee's meeting the following additional requirements in Sections 5.2.1 and 5.2.2:

5.2.1 Managing Owner. Franchisee's Owners must designate on Exhibit A one of its Owners (the "Managing Owner") who, among all of its Owners, will (a) perform personally the On-Site Responsibilities at the Franchised Premises unless Penn Station has ~~approved~~authorized Franchisee's request to hire a General Manager pursuant to Section 5.1.7, (b) perform all development/construction tasks with respect to the Penn Station Restaurant franchises owned by Franchisee (including the Franchised Business, collectively, the "Owned Units"), including site selections, negotiations to lease sites, management of all Penn Station Restaurants that are under construction, and start-up operations of the completed Penn Station Restaurant franchises owned by Franchisee, (c) supervise~~,~~ and train (i) the General Manager (including the hiring and termination of the General Manager) and the completion of the General Manager's tasks and (ii) if applicable, the Operations Director (including the hiring and termination of the Operations Director) and the completion of the Operations Director's tasks, (d) undertake the collection and completion of all Franchisee internal accounting and financial information and of all of the Owned Units information in a manner, in each instance, which complies with, and as is required by, this Agreement and each other franchise agreement between Franchisee and Penn Station, and (e) perform all overall management, marketing, administrative, and financial duties and tasks necessary or desirable to carry out Franchisee's duties under this Agreement and each other franchise agreement between Franchisee and Penn Station. ~~For purposes of this Agreement, a Franchisee, who is sole proprietor, will be deemed to be the Managing Owner.~~

(i) **Managing Owner Requirements**. The Managing Owner must be an Officer of Franchisee if Franchisee uses Officer titles, have executive authority for the Franchisee, be a voting Owner, and have a percentage Ownership Interest in Franchisee and compensation arrangement that is acceptable to Penn Station. The Managing Owner must devote his full time, energy and best efforts to carrying out his duties and acting in his capacity as Managing Owner and to the management and operation of Franchisee, the Franchised Business and each other Owned Unit. Franchisee may submit a request to Penn Station that Penn Station permit the Managing Owner to serve as the Managing Owner for multiple corporate or limited liability company franchisees if those franchisees all have the same Owners with the same ownership percentages. Penn Station will have the right to ~~approve~~consent to or disapprove that request in Penn Station's sole discretion. In addition, the Managing Owner must satisfy the terms and conditions of Section 15. If Franchisee has more than one Owner, who are not members of the immediate family (*i.e.*, spouse, parents or children) of the controlling Owner of Franchisee, then Franchisee must submit to Penn Station for its consent a written agreement between Franchisee and its Managing Owner that, among other things, provides for the Managing Owner's employment terms and Ownership Interests ("Managing Owner Agreement"). Franchisee must deliver to Penn Station a copy of the Managing Owner Agreement, which was previously consented to by Penn Station, signed by Franchisee and the Managing Owner before the Managing Owner begins any duties for Franchisee. The Managing Owner Agreement may be contained within one overall agreement among Franchisee and its Owners (including the Operations Director and the Managing Owner). The Managing Owner must complete the Training Program to Penn Station's satisfaction. The Managing Owner must personally guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. At any time on and after the date when the second Owned Unit is under

construction, Penn Station reserves the right, in its discretion, to require that the Managing Owner no longer function as a General Manager and function solely as the Managing Owner in which case Franchisee must hire a new person (who is acceptable to Penn Station) to function as the General Manager for the applicable Owned Unit at which the Managing Owner was acting as general manager. Any delay by Penn Station in requiring that the Managing Owner discontinue being a General Manager may not be treated as waiving, impairing, altering or in any way affecting Penn Station's right at any time to so require the Managing Owner to discontinue being a General Manager; and

(ii) **Replacement of Managing Owner**. No other Owner of Franchisee (and no new person who is seeking to become an Owner of Franchisee) may become the Managing Owner unless each of the following conditions is met: (a) Penn Station is given notice 60 days before the date any Owner (or any new person who is seeking to become an Owner of Franchisee) intends to replace the then current Managing Owner, (b) the proposed new Managing Owner must complete the Training Program to Penn Station's satisfaction and, in Penn Station's judgment, have the aptitude and ability to be the Managing Owner, (c) Penn Station determines that the new person meets Penn Station's criteria for managing owners in effect at the time of the proposed change, (d) the other terms and conditions in this Agreement have been met with respect to (1) the new person who is proposed to become the Managing Owner, including those under this Section 5.2.1 and (2) any Transfer (as defined Section 12.3), including the payment to Penn Station of the applicable transfer fee, (e) no later than the day that the replacement Managing Owner begins any duties at Franchisee, Franchisee must deliver a copy to Penn Station of the Managing Owner Agreement, which was previously consented to by Penn Station, signed by Franchisee and the replacement Managing Owner if required by clause (i) of this Section 5.2.1, and (f) Penn Station's then current training fee must be paid to Penn Station ~~within 14 days after the Training Program begins for the new Managing Owner~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the proposed new Managing Owner.

5.2.2 Operations Director. If Penn Station, in its discretion, elects to sell five or more Penn Station Restaurant franchises to Franchisee, Franchisee's Owners must hire one or more qualified people (as requested by Penn Station) who will assist the Managing Owner (each and collectively as applicable, the "Operations Director"), or, at Penn Station's option, Franchisee must enter into a business relationship with additional Managing Owners in accordance with this Agreement depending on the total number, if any, of additional Penn Station Restaurant franchises Penn Station elects to sell to Franchisee. Before Franchisee may make an offer of employment to the proposed Operations Director, Franchisee must propose to Penn Station for its ~~approval~~prior consent the number of Owned Units that Franchisee seeks to place under the Operations Director's day-to-day supervision. The number of Owned Units consented to by Penn Station to be under the Operations Director's day-to-day supervision may not be changed without the advance ~~approval by~~consent of Penn Station. The Operations Director will assist the Managing Owner in all aspects of the day-to-day operational, management and supervisory tasks necessary or desirable to operate the Owned Units consented to by Penn Station to be under the Operations Director's day-to-day supervision, including the hiring, training, termination, management and supervision of the General Managers of Franchisee. Any delay by Penn Station in requiring that an Operations Director be hired will not be treated as waiving, impairing, altering or in any way affecting Penn Station's right at any time to so require that an Operations Director be hired.

(i) **Operations Director Requirements**. The Operations Director either (a) must be a voting Owner of Franchisee, having a percentage Ownership Interest in an amount, and under terms, that are acceptable to Penn Station or (b) must have a compensation arrangement that is acceptable to Penn Station. The Operations Director must have decision making authority consistent with his duties. The Operations Director must devote his full time, energy and best efforts to carrying out his duties and acting in his capacity as Operations Director and to the management and operation of the number of Owned Units consented to by Penn Station to be under the Operations Director's day-to-day supervision. In addition, the Operations Director must sign the non-compete and non-disclosure agreement in the form of Exhibit D attached (the "Operations Director

Non-Compete Agreement"). Franchisee must submit to Penn Station for its ~~approval~~prior consent a written agreement between Franchisee and its Operations Director that, among other things, provides for the Operations Director's employment terms and, as applicable, Ownership Interests ("Operations Director Agreement"). The Operations Director Agreement may be contained within one overall agreement among Franchisee and its Owners (including the Managing Owner and the Operations Director). Franchisee must deliver to Penn Station a copy of the Operations Director Agreement, which was previously consented to by Penn Station, signed by Franchisee and the Operations Director on or before the date when the Operations Director begins any duties for Franchisee. The Operations Director may not be both the Operations Director and a General Manager of a Restaurant franchised to Franchisee; and

(ii) **Replacement of Operations Director.** No other person, including any Owner of Franchisee (and no new person who is seeking to become the Operations Director of Franchisee), may become the Operations Director unless each of the following conditions is met: (a) Penn Station is given notice 60 days before the date any Owner (or any new person who is seeking to become the Operations Director of Franchisee) intends to replace the then current Operations Director, (b) the proposed new Operations Director must ~~complete the Training Program to~~be properly trained by the Managing Owner (subject to verification by Penn Station~~'s satisfaction and, in Penn Station's judgment, have the aptitude and ability to be the Operations Director~~ in accordance with this Agreement), (c) the proposed Operations Director is qualified to be an Operations Director in compliance with this Agreement, (d) the other terms and conditions in this Agreement have been met with respect to (1) the new person who is proposed to become the Operations Director, including those under this Section 5.2.2 and (2) any Transfer, including the payment to Penn Station of the applicable transfer fee, (e) no later than the day that the replacement Operations Director begins any duties at Franchisee, Franchisee must deliver a copy to Penn Station of the Operations Director Agreement, which was previously consented to by Penn Station, signed by Franchisee and the replacement Operations Director, and a copy of the fully signed Operations Director Non-Complete Agreement, and (f) Penn Station's then current training fee must be paid to Penn Station~~within 14 days after the Training Program begins for the new Operations Director to cover, in part, Penn Station's cost to provide the Training Program to the proposed~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director.

5.2.3 Business Organization Documents. Certified copies of Franchisee's organizational and other governing documents, including a resolution authorizing the signing of the various agreements with Penn Station will be furnished to Penn Station promptly on its request. No term or provision of Franchisee's organizational and other governing documents (including any operating agreement if Franchisee is a limited liability company) may conflict with the terms of this Agreement or any other franchise agreement between Franchisee and Penn Station. Each Interest Certificate of an Owner of Franchisee must have conspicuously endorsed on it a statement that it is held, and that further assignment or transfer of the Ownership Interest is, subject to all restrictions imposed on assignments by this Agreement. "Ownership Interest" means any type of capital stock and any other ownership or equity rights or interests, if Franchisee is a corporation, or a membership interest and any other ownership or equity rights or interests, if Franchisee is a limited liability company. "Interest Certificate" means a stock certificate and any other certificated evidence of ownership, if Franchisee is a corporation, or a certificated membership interest (if applicable) and any other certificated evidence of ownership, if Franchisee is a limited liability company.

5.2.4 Sign Franchise Agreement; Guaranty. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, 20.3, 24.4, and 24.5. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it.

5.2.5 Designated Owner. Penn Station may require that Franchisee designate one of its Owners to be the Owner (the "Designated Owner"), among other things, to perform oversight and supervision of the Managing Owner. Franchisee hereby designates the Designated Owner to receive any Disclosure Document and any notices under this Agreement. The Designated Owner will also be the liaison between Penn Station and Franchisee, including with respect to the Managing Owner, the Operations Directors, Franchisee's financial performance, and the operational performance of the Owned Units. The Designated Owner must be an officer of Franchisee, having decision making authority consistent with his or her duties and must be an Owner at all times during the term of this Agreement. No other Owner of Franchisee (and no new person who is seeking to become an Owner of Franchisee) may become the Designated Owner unless each of the following conditions is met: (i) Penn Station is given notice 60 days before the date any Owner (or any new person who is seeking to become an Owner of Franchisee) intends to replace the then current Designated Owner, (ii) Penn Station determines that the new person meets Penn Station's criteria for Designated Owners in effect at the time of the proposed change, ~~and~~ (iii) the other terms and conditions in this Agreement have been met with respect to (a) the new person who is proposed to become the Designated Owner, including those under this Section 5.2.5 and (b) any Transfer (as defined Section 12.3), including the payment to Penn Station of the applicable transfer fee, and (iv) Penn Station's then current training fee must be paid to Penn Station by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the proposed new Designated Owner.

5.3 ~~Business Organization.~~ ~~If an individual franchisee wishes to become a Business Entity, Franchisee must obtain the written approval of Penn Station before there is any transfer of the rights and duties under this Agreement to the new Business Entity. Any transfer without Penn Station's prior approval is a Default of this Agreement. Except as provided below, Penn Station will transfer the Franchise at no additional monetary consideration for the remainder of the term of this Agreement if (i) the provisions of Section 5.2 are fulfilled, (ii) the new Business Entity assumes all duties of Franchisee and signs Penn Station's then current franchise agreement, (iii) all accrued monetary obligations of Franchisee to Penn Station have been satisfied before the effective date of transfer, (iv) no Default has occurred or is continuing as of the effective date of transfer, (v) the individual franchisee is and remains the Managing Owner of the Business Entity, and (vi) all of the other terms and conditions in this Agreement have been met with respect to the Transfer and the new Business Entity. If, however, an existing, individual franchisee proposes to incorporate his business and any other Person (as defined in Section 20.1) will be an Owner of the new Business Entity, then the existing individual franchisee must comply with Section 12.5 as to the new Person becoming an Owner of the Business Entity, including paying to Penn Station the transfer fee described in Section 12.5.6.~~ **~~5.4~~ Sole Responsibility**. Franchisee will be solely responsible for the operation of the Franchised Business and the results of its operations.

~~5.5~~5.4 Authorization. Franchisee, the Managing Owner, the Operations Director, the Designated Owner and the General Manager, without payment of any compensation, each gives to Penn Station (and those acting under this authority) the right to reasonably and fairly use its, his, and their name, photograph, addresses and biographical material in publications, circulars and advertisements relating to Penn Station franchises (including any Electronic Media Sites, as defined in Section 9.2).

~~5.6~~5.5 Supplier Funds. From time to time, Penn Station may receive funds from suppliers of products and services to Penn Station Restaurants arising from those vendors being chosen by Penn Station to be an ~~approved~~authorized supplier to Penn Station's franchisees and System ("Supplier Funds"). Penn Station may (without any obligation to do so) elect, from time to time, to contribute Supplier Funds to the National Fund. If Penn Station elects, at its sole option and as frequently as is determined by Penn Station, not to contribute into the National Fund any Supplier Funds that have been received by Penn Station from time to time, Penn Station will have the right to retain all of those Supplier Funds as part of Penn Station's general funds and to spend all of those Supplier Funds for any corporate or other purposes or for any corporate or other expenses that have been designated by Penn Station from time to time ("Additional Purposes"). If Penn Station spends any of those

Supplier Funds for any Additional Purposes rather than contributing them to the National Fund, Penn Station will provide to franchisees on an annual basis a summary of those expenditures for Additional Purposes. The expenditure summary will be in such detail as Penn Station determines is reasonable under the circumstances. Notwithstanding anything to the contrary in this Agreement or under applicable law, Franchisee hereby presently, absolutely, and irrevocably assigns to Penn Station all of Franchisee's rights, titles and interests, if any, in, to and under all Supplier Funds, now or hereafter received, by Penn Station.

6. THE MARKS; COPYRIGHTED MATERIALS.

6.1 Penn Station Representations. Penn Station represents, with respect to the service mark Penn Station® and the service mark Penn Station, East Coast Subs® and design, each as identified in Section 6.1.2, that:

6.1.1 License. Penn Station has the right to license the service mark Penn Station® and the service mark Penn Station, East Coast Subs® and design, each as identified in Section 6.1.2, to Franchisee for Franchisee's operation of a Penn Station Restaurant in the United States of America; and

6.1.2 Registration. Penn Station has, among others, obtained a service mark registration with the United States Patent and Trademark Office of (a) the Penn Station® mark on February 11, 1997 on the Principal Register, Registration number 2,037,288, (b) the Penn Station, East Coast Subs® and design mark on February 25, 2003 on the Principal Register, Registration Number 2,689,989 and (c) PS…Penn Station East Coast Subs (Stylized Rectangular Design) on February 12, 2019 on the Principal Register, Registration Number 5,673,128.

6.2 Franchisee Duties. Franchisee understands and acknowledges that it is vital to achieve uniform standards of quality and service associated with the Marks, to ensure compliance with the Confidential Operating Manual and the Marketing Materials, and to protect and enhance the Marks and their goodwill and the Copyright Materials:

6.2.1 Limited Use. Franchisee's use of any of the Marks must, depending on the directions provided by Penn Station, in every instance be combined with one of the following notices: (i) ® ; (ii) "trademark of Penn Station, Inc.", or (iii) any other similar language approved by Penn Station. Franchisee will not use any language or display the Marks in any way as to create the impression that the Marks belong to Franchisee. Except as expressly permitted by this Agreement or in the Confidential Operating Manual or the Marketing Materials, Franchisee may not use any Marks or any trademark or service mark incorporating all or any part of the Marks or Copyrighted Materials on any business sign, business cards, stationery or forms. Franchisee irrevocably waives all claims to any and all rights in Franchisee's use, advertising or display of the Marks beyond the limited permission to use the Marks granted in this Agreement. Franchisee's license to use the Marks applies only to their use solely in connection with the operation of the Franchised Business at the Franchised Premises pursuant to the terms and conditions of this Agreement and that license includes only those Marks as are now or may in the future be designated by Penn Station in this Agreement, the Confidential Operating Manual or the Marketing Materials for use by Franchisee and does not include Franchisee's use of any other proprietary marks or rights of Penn Station now existing or yet to be developed or acquired by Penn Station. Certain of the Registered Marks which are currently designated by Penn Station for use in connection with the System are listed on Exhibit B attached;

6.2.2 No Ownership. Franchisee acknowledges the validity of, and Penn Station's exclusive right, title and interest to, the Registered Marks, along with all other trade names, service marks, trademarks and trade symbols, emblems, signs, slogans, trade dress, logos, colors, insignias and copyrights as Penn Station has adopted and designated for use in connection with the System and as Penn Station may hereafter acquire or develop and designate for use in connection with the System (the "Marks"), regardless of whether any of those

Marks are registered. Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any proprietary, ownership or any other interest, except the limited rights granted in this Agreement, in and to the Marks. Any and all goodwill associated with the Marks and the System belongs exclusively to Penn Station. On the termination of this Agreement, no monetary amount will be payable to Franchisee as attributable to any goodwill associated with Franchisee's use of the System or the Marks;

6.2.3 **No Contest**. Franchisee will not directly or indirectly contest the validity or ownership of the Marks or Copyrighted Materials either during the term of this Agreement or after the termination of this Agreement;

6.2.4 **Infringement**. Franchisee's right to use the Marks and Copyrighted Materials is limited to those uses as are expressly ~~authorized~~approved under this Agreement and in the manner otherwise prescribed by Penn Station from time to time, and any ~~unauthorized~~unapproved use of any of the Marks or Copyrighted Materials is an infringement of the Marks and, as applicable, Copyrighted Materials and of Penn Station's rights in them. Accordingly, Franchisee will not commit or aid in the commission of any act of infringement or misuse of the Marks or Copyrighted Materials either during the term of this Agreement or after the termination of this Agreement;

6.2.5 **Products**. Franchisee will use, promote and offer for sale under the Marks and Copyrighted Materials only those products and services specified or approved by Penn Station which meet Penn Station's prescribed standards and specifications, as they may be revised and amended by Penn Station from time to time in the Confidential Operating Manual, the Marketing Materials, or otherwise in writing; and

6.2.6 **Aid**. Franchisee will sign all documents requested by Penn Station to obtain protection of the Marks or Copyrighted Materials or to maintain their continued validity and enforceability.

6.3 **Infringement**. When it is notified in writing of uses by Persons which may infringe any of the Marks or the Copyrighted Materials, Penn Station will have the right, but not the obligation, to take action against the alleged infringement which Penn Station determines is necessary or appropriate under the circumstances.

6.4 **Non-Exclusive**. Franchisee expressly acknowledges that the license of the Marks and Copyrighted Materials to Franchisee is non-exclusive and that Penn Station has and retains the rights, among others, to:

(i) Grant other franchises for and licenses of the Marks and Copyrighted Materials in addition to those franchises and licenses already granted;

(ii) Use the Marks and Copyrighted Materials in connection with the sale of products and services by Penn Station in any context or channel of distribution; however, nothing in this Section 6.4(ii) may be construed to allow Penn Station to establish itself, to franchise or license another to establish, a restaurant concept (whether under the Marks, marks similar to the Marks, or other marks) featuring as the primary menu items, Philadelphia-style cheesesteaks and submarine sandwiches, within the Restricted Territory so long as this Agreement is in full force and effect and so long as no Default has occurred; and

(iii) Develop, establish, and operate other, new systems ("Other Systems") under marks, other than the Marks, and to grant licenses and franchises of, these Other Systems anywhere within the Restricted Territory without providing Franchisee any rights to these Other Systems; however, nothing in this Section 6.4(iii) may be construed to allow Penn Station to establish itself, to franchise or license another to establish, a restaurant concept (whether under the Marks, marks similar to the Marks, or other marks) featuring as the

primary menu items, Philadelphia-style cheesesteaks and submarine sandwiches, within the Restricted Territory so long as this Agreement is in full force and effect and so long as no Default has occurred.

6.5 Franchisee's Trade Name. Franchisee will operate the Franchised Business using the trade name and business style "Penn Station, East Coast Subs" (without prefix or suffix) or any different name as may be designated in writing by Penn Station in the Confidential Operating Manual or the Marketing Materials. Franchisee will prominently display this name on all forms, stationary, and other materials used in connection with the Franchised Business. Franchisee will make all required fictitious or assumed name registrations in the state or territory in which Franchisee has obtained the Franchise. Franchisee, however, may not use the name "Penn Station", "Penn Station~~,~~ East Coast Subs", "Penn Station Steak & Sub" or any of the other Marks licensed under this Agreement as part of the corporate name, limited liability company name or other legal name of Franchisee without Penn Station's prior written ~~approval~~consent. On all invoices, order forms, receipts, contracts, stationary, and the like, the legal name of Franchisee's business organization must be disclosed in a manner so as to clearly indicate its status as an independent franchisee of Penn Station. At its cost, Franchisee will purchase and display all plaques in the Franchised Premises as are designated by Penn Station to show Franchisee's independent franchisee status.

6.6 Lawsuit. Franchisee will promptly notify Penn Station if Franchisee learns of any use by any Person of, or any claim by any Person of any right to, (i) the Marks or any Copyrighted Materials or (ii) any trade secret or method of operation identical or confusingly similar to those composing the System other than use by Penn Station or another of its franchisees. If a lawsuit or other action or proceeding involving the Marks is instituted or threatened against Franchisee, then Franchisee will promptly notify Penn Station, and Penn Station will perform its obligations, if any, under Section 17.4.1. If Penn Station, pursuant to Sections 17.4.1 or 17.4.3, undertakes the defense or prosecution of any litigation relating to the Marks or any Copyrighted Materials, then Franchisee will sign any and all documents and render all assistance (exclusive of monetary assistance) as may in the opinion of Penn Station's counsel be reasonably required to carry out Penn Station's defense or prosecution.

6.7 Copyrighted Materials. Franchisee acknowledges the validity of, and Penn Station's exclusive right, title and interest in and to, the Copyrighted Materials. "Copyrighted Materials" is defined to include all material, including all artwork and designs created by Penn Station, Franchisee or any other Person retained or employed by Penn Station or by Franchisee (including any advertising cooperative) and used with the Marks or in the operation of a Penn Station Restaurant. Franchisee will not do, and will not permit to be done, any act or thing which might impair the rights of Penn Station in and to the Copyrighted Materials. Franchisee does not acquire, and Franchisee may not claim, any right, title or interest in the Copyrighted Materials or any other proprietary right to the Copyrighted Materials or in any derivation, adaptation, variation or name thereof by virtue of the license granted to Franchisee or through Franchisee's use of the Copyrighted Materials. Franchisee acknowledges, intends, and agrees that all use of the Copyrighted Materials by Franchisee and all goodwill associated with that use inures exclusively to the benefit of Penn Station. On the termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Copyrighted Materials. Penn Station and Franchisee agree and intend that the Copyrighted Materials are works made for hire within the meaning of the United States Copyright Act and are the sole property of Penn Station. Penn Station will be entitled to use and license others to use the Copyrighted Materials subject to the provisions of this Agreement, unencumbered by moral rights of Franchisee or any Person claiming by, through, or under Franchisee. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Penn Station, Franchisee irrevocably and presently assigns to Penn Station, its successors and assigns, all of Franchisee's right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in any and all Copyrighted Materials. Upon the request of Penn Station, and without further consideration, Franchisee agrees to execute any additional documents proposed by Penn Station, or do or have done all things as may be requested by Penn Station to vest

and to confirm the sole and exclusive ownership of all right, title and interest, including copyrights and related rights in and to the Copyrighted Materials in favor of Penn Station.

6.8 **Use of Copyrighted Materials**. The following notice (or any other notice to which Penn Station has given its prior ~~approval~~consent) must appear at least once on each piece of promotional or packaging materials for the articles and on any articles using Copyrighted Materials with the Marks: "© (year of first publication) Penn Station, Inc., All Rights Reserved". Franchisee may not use any language or display the Copyrighted Materials in any way as to create the impression that the Copyrighted Materials belong to Franchisee. Franchisee irrevocably waives any and all claims to any rights in Franchisee's use, advertising, or display of the Copyrighted Materials beyond the limited permission to use the Copyrighted Materials granted in this Agreement.

7. CONFIDENTIAL INFORMATION.

7.1 **Op-Manual**. To protect the reputation and goodwill of Penn Station that is attributed to Penn Station Restaurants, and to achieve uniform standards of quality and service, Franchisee will conduct its business in accordance with Penn Station's Confidential Operating Manual (as updated and changed from time to time, the "Confidential Operating Manual") , the POS Manual (as updated and changed from time to time), and General Manager Training Program, Managing Owner Training Program and Hourly Employee Training Manual (collectively, as updated and changed from time to time, the "Training Manuals"), one copy of each of which Franchisee acknowledges having received on loan from Penn Station for the term of this Agreement and all other franchise agreements between Franchisee and Penn Station.

7.2 **Duties**. Franchisee will at all times treat as confidential the Confidential Operating Manual, the Training Manuals and the information contained in them. Franchisee will use all reasonable efforts to maintain the Confidential Operating Manual and the Training Manuals as secret and confidential including keeping them under lock and key. Franchisee may not at any time, without Penn Station's prior written consent, copy, duplicate, record or otherwise reproduce (whether in written or electronic form) the Confidential Operating Manual or the Training Manuals in whole or in part, or otherwise make them available to any Person.

7.3 **Sole Property**. The Confidential Operating Manual, the Training Manuals, and all other Confidential Information (as defined in Section 7.5) concerning the System or the Franchised Business will at all times remain the sole property of Penn Station, regardless of whether any particular information is, at the applicable time, "Confidential Information" which is the subject of the restrictions set forth in Section 7.5.

7.4 **Revise Manual**. Penn Station will periodically revise the contents of any and all of the Confidential Operating Manual and the Training Manuals. Franchisee must comply with the new terms and conditions of the Confidential Operating Manual and the Training Manuals on notification of the changes from Penn Station or on any other date designated by Penn Station. Penn Station anticipates that it will make changes to the Confidential Operating Manual and the Training Manuals at least one time each year. The latest copy of the Confidential Operating Manual and the Training Manuals maintained by Penn Station at Penn Station's home office will be controlling if there is any dispute as to which Confidential Operating Manual and the Training Manuals is then in effect.

7.5 **Not Divulge**. The Confidential Operating Manual, the Training Manuals, the System, the Accounting Manual, the Marketing Materials and any and all other information, knowledge and know-how of Penn Station, including Penn Station's recipes, store operational methods, customer lists and data bases (whether or not created by Penn Station, Franchisee or any other Person), training methods, food preparation and presentation techniques, cost containment programs, marketing and developmental plans, strategies, financial information, and research prepared or obtained by, or for the benefit of, Penn Station or its franchisees or of

which Franchisee (or any Person on its behalf) may be apprised by virtue of Franchisee's operation of a Penn Station Restaurant under the terms of this Agreement or any other agreement between Franchisee and Penn Station will be "Confidential Information" for purposes of this Agreement. "Confidential Information" does not include, for purposes only of this Section 7.5 and Sections 15.2.2 and 15.4.2, information which Franchisee can demonstrate has become part of the public domain by proper and lawful means through the publication or communication by others at the time of disclosure by Penn Station to Franchisee or, after that disclosure to Franchisee by Penn Station, has become a part of the public domain by proper and lawful means through the publication or communication by Persons (other than Franchisee) who have been authorized by Penn Station to make the publication and disclosure. Franchisee may not, during the term of this Agreement or after the termination, expiration or assignment of this Agreement, communicate or divulge to, or use for the benefit of, any other Person any Confidential Information which may be communicated to Franchisee (or any Person on its behalf) or of which Franchisee (or any Person on its behalf) may be apprised by virtue of Franchisee's operation of a Penn Station Restaurant under the terms of this Agreement or any other agreement between Franchisee and Penn Station. Franchisee may divulge Confidential Information to only those of its employees as must have access to it to assist Franchisee in the operation of the Franchised Business but may not allow the Confidential Operating Manual to be reviewed by any employee and may not disclose to these employees any Confidential Information not absolutely required to operate the Franchised Business. Franchisee will take all reasonable steps to prohibit any unauthorized use of any Confidential Information by its employees, including the execution of a secrecy, non-disclosure and non-competition agreement with its General Manager and any assistant manager, if applicable. Penn Station will be expressly made a beneficiary of the non-disclosure agreement with these persons.

8. ACCOUNTING AND RECORDS.

8.1 Duties. During the term of this Agreement, Franchisee will:

8.1.1 Retain Records; CPA. maintain and preserve, for at least 7 years after the dates of their respective preparation, full, complete and accurate books, records, and accounts in accordance with good business practices and in the form and manner prescribed by Penn Station from time to time in the Confidential Operating Manual or otherwise in writing. To ensure that Penn Station receives complete and timely reporting from its franchisees and receives information in a uniform manner, Franchisee must (i) engage a certified public accountant (or another accountant selected by Franchisee to which Penn Station has acquiesced after receiving Franchisee's application to do so, an "Alternate Accountant") to prepare (a) the monthly Operating Income Statement required by Section 8.1.2 and any other monthly statements from time to time required by the Confidential Operating Manual to be prepared by a certified public accountant (or an Alternate Accountant) and (b) the financial statements required by Sections 8.1.3 and 8.1.4 and (ii) cause Franchisee's certified public accountant (or an Alternate Accountant) to follow strictly Penn Station's then current accounting manual (the "Accounting Manual") in the preparation of the statements and reports required by this Agreement, the Confidential Operating Manual, and the Accounting Manual. Penn Station reserves the right to change the Accounting Manual at any time. Franchisee must comply with the new terms and conditions of the Accounting Manual on notification of the changes from Penn Station or on any other date designated by Penn Station. Penn Station anticipates that it will make changes to the Accounting Manual at least one time each year. The latest copy of the Accounting Manual maintained by Penn Station at Penn Station's home office will be controlling if there is any dispute as to which Accounting Manual is then in effect. Franchisee must provide Penn Station 60 days advance notice of any change in the certified public accountant (or an Alternate Accountant) engaged by Franchisee to prepare the statements and reports required by this Agreement, the Confidential Operating Manual, and the Accounting Manual;

8.1.2 Monthly Reporting. submit, at Franchisee's expense, to Penn Station no later than the date each monthly royalty payment is due to Penn Station during the term of this Agreement, the sales report and

other sales data required by the Confidential Operating Manual which accurately reflects all Net Sales during the preceding month (and, if requested by Penn Station, the sales data must be certified in a writing signed by ~~an individual franchisee or, as applicable,~~ the Managing Owner) and all other data, reports, or information as Penn Station may require as is prescribed in the Confidential Operating Manual or otherwise in writing. Franchisee will also submit to Penn Station, at Franchisee's expense, a monthly Operating Income Statement (in the form and manner required by the Accounting Manual) for the Franchised Business. Franchisee must deliver the Operating Income Statement to Penn Station no later than the date set forth in the Accounting Manual. The Operating Income Statement will, if requested by Penn Station, be signed by ~~an individual franchisee or, as applicable,~~ the Managing Owner, certifying that it is true and correct and accurately reflect the operations of Franchisee during the applicable period. Any Operating Income Statement not actually received by Penn Station on or before the date set forth in the Accounting Manual will be deemed late unless the Operating Income Statement is postmarked at least two business days prior to the due date. If any Operating Income Statement is overdue, Franchisee will pay to Penn Station a late fee in an amount equal to the lesser of (i) $75.00 or (ii) the maximum amount permitted by applicable law. Penn Station's right to receive this late fee is in addition to any other rights and remedies Penn Station may have under this Agreement or applicable law as a result of that Default;

8.1.3 **Financial Reports**. submit to Penn Station, at Franchisee's expense, semi-annually financial statements for Franchisee (unconsolidated with any other entity) for the preceding six-month period, including an income statement and balance sheet in compliance with the Accounting Manual if Penn Station has given notice to Franchisee to begin delivering semi-annually financial statements. The statements must be prepared in accordance with generally accepted accounting principles by the certified public accountant (or an Alternate Accountant) described in Section 8.1.1 (subject to the omission of footnotes and disclosures required by generally accepted accounting principles). Penn Station reserves the right to require on notice to Franchisee that these financial statements be delivered monthly or quarterly instead of semi-annually. Each of these statements will, if requested by Penn Station, be signed by ~~an individual franchisee or, as applicable,~~ the Managing Owner, certifying that they are true and correct and accurately reflect the operations of Franchisee during the applicable period;

8.1.4 **Yearly Financial Reports**. submit to Penn Station, at Franchisee's expense, annual financial statements for Franchisee (unconsolidated with any other entity) for the preceding calendar year, including an income statement, a balance sheet and, if requested, a statement of cash flows in compliance with the Accounting Manual. The statements must be prepared in accordance with generally accepted accounting principles by the certified public accountant (or an Alternate Accountant) described in Section 8.1.1; however, Penn Station reserves the right to require that these financial statements be reviewed or certified by an independent certified public accountant at Franchisee's expense. On Penn Station's request, Franchisee will submit to Penn Station all federal, state and local tax returns with respect to the Franchised Business; and

8.1.5 **Other Reports**. submit to Penn Station, at Franchisee's expense, for review or auditing, all other forms, reports, records, information or data that Penn Station may reasonably require and as is specified from time to time in the Confidential Operating Manual or otherwise in writing.

8.2 **Inspection**. Penn Station and its designated agents will have the right on their request to examine, at Penn Station's expense, the books, records and tax returns of Franchisee. Penn Station will also have the right, on its request, to have an independent audit made of Franchisee's books. If an inspection reveals that payments have been understated in any report to Penn Station, then Franchisee will immediately pay to Penn Station the total amount which should have been paid to Penn Station together with interest on this understated amount at the Default Rate from the date these payment(s) were due until paid by Franchisee. If an inspection discloses an understatement in any report of 2% or more, then Franchisee will, in addition, reimburse Penn Station for any and all costs and expenses in connection with the inspection and audit (including reasonable

accounting and attorneys' fees). The payment of interest and audit expenses will be in addition to any other rights or remedies Penn Station may have under this Agreement as a result of that Default.

9. ADVERTISING. Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the Marks and Copyrighted Materials:

9.1 Local Advertising.

9.1.1 Local Advertising Campaign. On 30 days advance notice from Penn Station, Franchisee must, at its expense, begin advertising, promotion and marketing directed specifically to the Franchised Business ("Local Advertising"), including participating in any Penn Station Electronic Media Program (as defined in Section 9.2.2) and any Penn Station Loyalty Program. The "Penn Station Loyalty Program" means a customer loyalty program, as developed, implemented and changed from time to time by Penn Station. All Local Advertising must be submitted to Penn Station for its review and approval before Franchisee may undertake the specific Local Advertising proposed. Franchisee will not be required by Penn Station to make expenditures for Local Advertising during any calendar year which exceed more than 2% of Franchisee's total Net Sales for that calendar year from the Franchised Business and all other Owned Units. Amounts spent by Franchisee for Local Advertising are in addition to the expenditures which may be required under Sections 9.1.2, 9.1.3, 9.1.4, and 9.4 below. Amounts spent, however, by Franchisee (a) under any shopping mall lease for a common advertising fund for the mall (exclusive of any merchant or tenant association dues), (b) pursuant to its membership in any advertising cooperative, as provided in Section 9.3 below, and (c) under any advertising or marketing program mandated by Penn Station with any third-party delivery service from time to time (if any), in each case, will be counted against the 2% amount described above. Franchisee will comply with the terms of the Confidential Operating Manual insofar as which Local Advertising expenditures qualify for the 2% limitation stated in this Section 9.1.1. Franchisee's costs incurred with respect to any Penn Station Electronic Media Program and Penn Station Loyalty Program are not counted toward the 2% limitation stated in this Section 9.1.1. In addition, any Local Advertising expenditures which do not meet the terms of the Confidential Operating Manual are not counted toward the 2% limitation stated in this Section 9.1.1.

9.1.2 In-Store Materials. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.3, 9.1.4, 9.3, and 9.4, Franchisee, at its expense, must purchase from time to time during the term of this Agreement, in-store promotional displays and in-store advertising (for example, quality statements, photographs of products, plaques, signs, and banners) as are designated or developed by Penn Station from time to time for use in Penn Station Restaurants.

9.1.3 Local, Regional or National Promotional Campaigns. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.2, 9.1.4, 9.3, and 9.4, Franchisee, at its expense, must participate in promotional, gift certificate (or gift card), and coupon programs developed, designated or administrated by Penn Station from time to time for the particular local or regional market in which the Franchised Business is located or, as applicable, on a national basis for all franchisees.

9.1.4 Grand Opening Advertising. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.2, 9.1.3, 9.3, and 9.4, Franchisee, at its expense, must spend up to $10,000 for a grand opening event and marketing support at any time within 180 days after the Penn Station Restaurant is opened at the Franchised Premises. This requirement may be waived (a) if the Franchised Business is not in a Mature Market and its sales are equal to or above the average for all Penn Station Restaurants and (b) if the Franchised Business is in a Mature Market. "Mature Market" means a market, as defined by Penn Station, in which a sufficient number of Penn Station Restaurants have been opened and are operating in relation to the total number of Penn

Station Restaurants that could be opened and operated in that market, all as determined by Penn Station, in its sole determination.

9.2 Approved Advertising.

9.2.1 Approval Process; Ownership. All advertising by Franchisee (whether done individually or in a cooperative) in any medium must conform to Penn Station's standards and requirements and must be conducted in a dignified and lawful manner. Franchisee will submit samples to Penn Station (through the U.S. mail, return receipt requested or by telecopier (fax) or by any electronic means designated by Penn Station) and obtain Penn Station's prior approval (except, to the extent prohibited by applicable law, with respect to prices to be charged for food products and services) of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by Penn Station in the Confidential Operating Manual, Penn Station's Marketing Materials (available on Penn Station's Website and as updated and changed from time to time, the "Marketing Materials"), or otherwise in writing. If written disapproval of the proposed advertising materials or the supplier of the materials is not received by Franchisee within 30 days after the date of receipt by Penn Station of the proposed advertising materials, then Penn Station will be treated as giving the required approval except as to a Website in which case Penn Station will have 60 days. Any approval (or deemed approval of advertising proposed by Franchisee under the terms of this Section 9.2) can, on notice to Franchisee, be revoked by Penn Station in its discretion exercised in a reasonable manner. It will be deemed a reasonable exercise of Penn Station's discretion if Penn Station revokes its ~~approval of~~consent to any supplier of advertising or approval of any advertising program, campaign or materials if Penn Station, in its sole discretion, determines that the System, the Marks or any of the Copyrighted Materials or customers' perception or expectations of a Penn Station Restaurant are or will be adversely affected. All advertising and promotional concepts, slogans, commercials, ideas, campaigns, slicks, media and materials are deemed to be Copyrighted Materials, whether prepared, developed, created, conceived, or produced by Franchisee, by any advertising cooperative of which Franchisee is a member, or by any Person on Franchisee's or the advertising cooperative's behalf, are the sole property of Penn Station. Franchisee presently and irrevocably assigns to Penn Station all rights and interests in that advertising and will cause all Persons (including Franchisee) to sign any and all documents required by Penn Station to transfer all rights, if any, in that advertising to Penn Station.

9.2.2 Electronic Media Advertising and E-Commerce. (i) Penn Station's restrictions, requirements and policies concerning advertising, marketing and promotion set forth in this Agreement (including Section 9.2.1), the Confidential Operating Manual, the Marketing Materials, or otherwise established in writing by Penn Station from time to time have applied, and will continue to apply, to any advertising, promotion or marketing by or on behalf of Franchisee or any advertising cooperative, through any electronic communication, commerce, computations, or any other means of electronic interaction, including the World Wide Web, the Internet, e-mail, websites, microsites, home pages, chatrooms, Social Media Platforms, mobile channels (such as text messaging, mobile versions of websites, and Mobile Applications), linking, framing, and related technologies, methods, techniques, registrations, and networking (collectively, "e commerce"). Specifically and without limiting the generality of the preceding sentence, Franchisee acknowledges and agrees that each Electronic Media Site and other forms of e-commerce have been, and will continue to be, "advertising" for all purposes of this Agreement and will be subject to (among other things) Penn Station's approval under this Section 9.2. As used in this Agreement, the terms "Website," "Social Media Platform," "Social Media Site," "Mobile Application," and "Electronic Media Site" have the following meanings:

(a) "Website" means a set of interconnected web pages, usually including a home page and generally located on the same server, that are prepared and maintained as a collection of information by a person, group, or organization, including the Internet, Intranet, and World Wide Web home and other web pages, mobile and e-mail address sites, microsites, and mobile versions of the foregoing, that refer in whole or in

part to any Penn Station Restaurant, any of Penn Station's franchisees (including Franchisee), any of the Marks, any of the Copyrighted Materials, Penn Station, or the System;

(b) "Social Media Platform" means an interactive form of media on the Internet or another network of computers and/or other devices linked by communications software and/or other systems that allows users of the platform to interact with each other, publish content (such as text, photographs, location, video or audio), and/or form communities around shared interests or experiences. The term "Social Media Platform" includes blogs, microblogs, social networking sites, professional networking sites, video-sharing and photo-sharing sites, review sites, multi-media messaging sites, virtual worlds, and group activity sites;

(c) "Social Media Site" means a page, handle, channel or account on a Social Media Platform that refers in whole or in part to any Penn Station Restaurant, any of Penn Station's franchisees (including Franchisee), any of the Marks, any of the Copyrighted Materials, Penn Station, or the System;

(d) "Mobile Application" means any application software and associated features (including, but not limited to, push notifications) for use on a mobile device (such as a mobile telephone, tablet, watch, IoT device, or reader), enabling the user to access information or communicate with other users over a Wi-Fi or mobile-data connection, that refer in whole or in part to any Penn Station Restaurant, any of Penn Station's franchisees (including Franchisee), any of the Marks, any of the Copyrighted Materials, Penn Station, or the System; and

(e) "Electronic Media Site" means either a "Website," a "Social Media Platform", a "Social Media Site," or, as applicable, a "Mobile Application."

As between Franchisee and Penn Station, Penn Station will, without any further act or instrument, own (1) all rights, titles, and interests in and to any data collected via e-commerce related to the System or the Marks, including any customer data (other than any credit, debit or other card data), click-stream data, cookies, user data, hits and the like and (2) all domain, page, handle, channel and account names to all Electronic Media Sites that are related or similar, in Penn Station's judgment, to any of the Marks. Franchisee will, without the payment of any compensation therefor, execute and deliver any instruments or documents promptly on Penn Station's request to convey more fully to Penn Station any rights, titles, or interests of Franchisee in any data or information or any domain, page, handle, channel or account names, as described in the preceding sentence.

(ii) Penn Station retains the sole right to create, establish, develop, conduct, operate, host, and maintain Electronic Media Sites using "Penn Station," "Penn Station, East Coast Subs" or the other Marks and/or the Copyrighted Materials, and to register or use other domain, page, handle, channel or account names related or similar to any of the Marks. Penn Station will have the right, but not the obligation, to designate one or more web pages or the like to describe Franchisee, the Franchised Business, or both, on or with any web page or the like that are located on or within any of Penn Station's (or its vendor-provided or contractor-provided) Electronic Media Sites, without payment of any compensation to Franchisee. From time to time, Penn Station, at its sole option, may establish, develop, conduct, operate, host, or maintain (or make arrangements with a vendor or a contractor to establish, develop, conduct, operate, host, or maintain) one or more Electronic Media Sites or other forms of e-commerce for advertising, marketing and promotion of one or more Penn Station Restaurants (collectively, "Penn Station Electronic Media Programs"). Penn Station has the right to require Franchisee, effective on notice to Franchisee, to participate in any and each Penn Station Electronic Media Program designated by Penn Station for such participation, without Franchisee's receiving any compensation therefor. If Penn Station elects to require Franchisee to participate in any existing or future Penn Station Electronic Media Program, Franchisee will, as applicable, promptly contract with (a) Penn Station's ~~approved~~authorized vendors or contractors of each such applicable Penn Station Electronic Media Program then designated by Penn Station or (b) Penn Station should Penn Station elect itself to provide each such applicable Penn Station Electronic Media Program then designated by Penn Station, in order to begin receiving the services and/or products under that

Penn Station Electronic Media Program. Franchisee will be responsible for the fees and costs charged by Penn Station's ~~approved~~authorized vendors and contractors (or, as applicable, by Penn Station) of the then-designated Penn Station Electronic Media Programs, to the extent provided for in the then current Penn Station Electronic Media Programs;

(iii) To protect the Marks, the Copyrighted Materials, the System and the Confidential Information, Franchisee will not, and will not permit any advertising cooperative of which it is a member to, establish, develop, conduct, operate, host, or maintain any Electronic Media Site or other form of e-commerce itself or indirectly through or with any other Person; and

(iv) Penn Station has the right, effective on notice to Franchisee, to modify the provisions of this Section 9.2.2 from time to time as it relates to Penn Station's provision, administration, conduct, operation, maintenance, and/or regulation of e-commerce, as Penn Station solely determines is necessary or appropriate in the best interests of the System.

9.3 Cooperative Advertising. If Penn Station or a majority of the franchisees of Penn Station who are located in a particular geographical market believe that a cooperative advertising program would contribute to an increase in the sales of the franchisees in that area and in the recognition of, and goodwill associated with, the Marks, the Copyrighted Materials and the System in the franchisees' area, then Penn Station or the applicable franchisees may implement a cooperative advertising program for advertising, promotion and marketing in the applicable local or regional market, including participating in any Penn Station Electronic Media Program. Penn Station has the right, in its discretion, to designate any geographical area for purposes of establishing an advertising cooperative. Penn Station will, if it owns any company-owned Restaurants in that area, be a member of the cooperative. After Penn Station gives notice of the formation of the advertising cooperative to the franchisees in the applicable area, Franchisee, if the Franchised Business is located in the applicable area, will be required to participate in the advertising cooperative. Penn Station will have sole discretion over the content of all advertising, marketing and promotional programs developed or used by the advertising cooperative. Funds collected by the advertising cooperative may only be spent for advertising, marketing and promotional programs approved by Penn Station. If an advertising cooperative is formed, the following provisions will apply:

9.3.1 Cooperative Agreement. The franchisees in the advertising cooperative will establish written rules, regulations and by-laws to govern the advertising cooperative that are reasonably acceptable to Penn Station. If the advertising cooperative members are unable to agree by a date and on terms as are reasonably acceptable to Penn Station, then the terms of the rules, regulations and by-laws of the advertising cooperative will be as prescribed by Penn Station in its discretion reasonably exercised. Nothing in the rules, regulations and by-laws of the advertising cooperative will alter any of Franchisee's obligations under this Agreement, as the terms of this Agreement are superior to the rules, regulations and by-laws of the advertising cooperative. Franchisee's obligations under this Section 9.3 are unaffected by the failure of any other franchisee, who is (or should be) a member of the advertising cooperative, to perform its obligations to, or to become or remain a member of, the advertising cooperative. Under no circumstances will Penn Station have any obligation to enforce or police the performance of the rules, regulations or by-laws of the advertising cooperative;

9.3.2 Payments. Franchisee will contribute to the advertising cooperative in the amounts and at the times as are determined by the members and which have been ~~approved~~consented to in advance by Penn Station (or, if the members are unable to agree on an amount that is acceptable to Penn Station, then the amount will be as established by Penn Station). The amount Franchisee is required to pay as a result of participation in the advertising cooperative are not subject to the 2% limitation in Section 9.1.1 and will be in addition to the advertising required by Sections 9.1.2, 9.1.3, 9.1.4, and 9.2 and the National Fund fee required pursuant to Section 9.4;

9.3.3 **Voting**. Franchisee's participation in the advertising cooperative will be on the basis of one vote for each Penn Station Restaurant operated by Franchisee in the applicable local or regional market under a franchise agreement with Penn Station. The affirmative vote of a majority of the franchisees included within the advertising cooperative (on the basis of one vote per Restaurant owned) present at any meeting properly called pursuant to the rules, regulations, or by-laws of the advertising cooperative will be binding on all members of the advertising cooperative unless the members have specifically designated other percentages or voting requirements in the rules, regulations or by-laws (or other governing documents) of the advertising cooperative ~~approved~~consented to by Penn Station;

9.3.4 **Disputes**. If a dispute or disputes exist among the advertising cooperative members and, in Penn Station's judgment, a deadlock or a substantial disagreement exists among the members as to how to govern, run, or administer the advertising cooperative, Penn Station reserves the right to resolve the dispute or to dissolve the cooperative and form a new cooperative or cooperatives among the members of the former cooperative. Each member will be bound by Penn Station's actions; and

9.3.5 **Change in Territory**. If, after the advertising cooperative is formed, Penn Station changes the classification of the geographic area in which the Franchised Business is located so that the Franchised Business becomes part of a geographical area represented by an advertising cooperative designated by Penn Station, then Penn Station may cause the advertising cooperative to amend its organizational documents to reflect the change or dissolve the existing advertising cooperative and reform it with all Penn Station Restaurants within that geographical area, including the Franchised Business. From and after the date that the new advertising cooperative is formed, Franchisee will be required to participate in the new advertising cooperative.

9.4 **System Advertising**. Penn Station will have the right, in its sole discretion, to establish an advertising fund (the "National Fund") for advertising, marketing, public relations and promotional programs which Penn Station (and any delegatee of Penn Station) believes will enhance the image of the System ("System Advertising"). The National Fund will be administered as follows:

9.4.1 **System Benefit; Administration of the National Fund**. Penn Station (and any delegatee of Penn Station) will direct all System Advertising, with sole discretion over the cost and content of System Advertising and the use of all funds spent on System Advertising. In addition to P.S. National Fund, Inc., an Ohio nonprofit corporation ("P.S. National Fund"), which was formed by Penn Station to administer the National Fund (and gift card program) as, and for so long as it is, Penn Station's delegatee therefor, Penn Station may elect to solicit the advice of its Franchisee Advisory Council (if then in existence) or from franchisees from time to time regarding System Advertising. From time to time, Penn Station will pay over to P.S. National Fund, for so long as it is Penn Station's delegatee therefor, ~~the~~any National Fund fees collected by Penn Station from time to time from its franchisees, including Franchisee, for P.S. National Fund's administration of the National Fund. Subject to the Regulations of P.S. National Fund and applicable law, Franchisee is a member of P.S. National Fund so long as Franchisee owns and operates at least one Penn Station franchise for one Restaurant and Franchisee, as solely determined by Penn Station, is in good standing as a franchisee of Penn Station. Franchisee will automatically and immediately cease to be a member of P.S. National Fund, without any further act or document, on the earlier to occur of the date on which (i) Franchisee ceases to be a Penn Station franchisee of at least one Penn Station Restaurant or (ii) Penn Station provides P.S. National Fund notice that Franchisee is not in good standing with Penn Station, including as a result of the occurrence of a Default. Penn Station shall have no duty, responsibility or liability to Franchisee for any act or omission of P.S. National Fund or any of its officers or members of its governing body or any of P.S. National Fund's members. Penn Station has the right, in its sole discretion, to withdraw its delegation to P.S. National Fund of, and begin performing itself or make a delegation to any other Person to perform, any of Penn Station's rights or duties, if any, under this Section 9.4 at any time without prior notice to, or any consent of, Franchisee. If Penn Station withdraws the delegation to P.S. National Fund as provided in the immediately preceding sentence and (a) makes a delegation to a new Person to

perform the services of P.S. National Fund to Penn Station, such new Person will be deemed to be P.S. National Fund for purposes of this Section 9.4 or (b) begins performing itself those rights or duties, if any, under this Section 9.4, then Penn Station shall be substituted for the references to P.S. National Fund for purposes of this Section 9.4 as applicable. Franchisee understands and acknowledges that the National Fund is intended to maximize public recognition of the Marks for the benefit of the System and that neither Penn Station nor any delegatee of Penn Station, including P.S. National Fund, undertakes any obligation to make expenditures of the National Fund for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that Franchisee benefits directly or pro rata from the placement of advertising. By their very nature, advertising and marketing campaigns are not assured of being effective or successful, and Penn Station and each delegatee of Penn Station, including P.S. National Fund, disclaim any implied representations or warranties that the System Advertising will be beneficial to the System or Penn Station's franchisees or efficacious;

9.4.2 **Uses**. The National Fund will be used exclusively to meet the cost of preparing, maintaining, administrating, directing, purchasing and conducting advertising, marketing, public relations and promotional programs and materials and any other activities which Penn Station (and any delegatee of Penn Station) believes will enhance the image of, or otherwise benefit, the System (whether on a local, regional or national basis including on an individual store unit basis in any and all local markets as determined solely by Penn Station (and any delegatee of Penn Station)), including, for example, the costs of preparing, placing and conducting media advertising campaigns; direct mail, broadcast or print advertising; engaging advertising or public relation agencies to assist with System Advertising; producing and purchasing promotional items and food photography; outdoor advertising materials; marketing surveys; public relations activities and events; visual merchandising, point of sale, and other merchandising programs; any Penn Station Electronic Media Program, including developing, hosting, and operating a Web page for franchisees; producing and maintaining a Web page for Penn Station to the extent Penn Station attributes the benefit of that page to System Advertising; certain gift card administrative costs; certain Penn Station Loyalty Program costs; certain web ordering system costs; certain marketing costs with third-party delivery services; developing a mascot; and providing promotional and other marketing materials and services to the Penn Station Restaurants operating under the System. The National Fund will be maintained in a separate deposit account of P.S. National Fund (or, if P.S. National Fund is no longer Penn Station's delegatee therefor, in a separate deposit account of Penn Station (or in a separate deposit account of any new Person to whom Penn Station delegates the services of P.S. National Fund)). The National Fund and may not be used to defray any of Penn Station's (or any delegatee of Penn Station's) operating expenses except expenses and overhead, if any, as Penn Station (and any delegatee of Penn Station) may incur in administering, directing and implementing System Advertising and administering the National Fund, including the costs of personnel, legal and accounting fees and taxes. Separate bookkeeping accounts will be maintained for the National Fund. Neither Penn Station nor any delegatee of Penn Station shall have any fiduciary duties or fiduciary responsibilities to its franchisees for Penn Station's (or any delegatee of Penn Station's) administration of the National Fund or for any other matters arising out of the National Fund;

9.4.3 **Review of Fund**. A non-certified audit of the operation of the National Fund may, at Penn Station's election, be prepared annually by an independent certified public accountant selected by Penn Station and will be made available to Franchisee on request. The expense of the audit will be charged to the National Fund; and

9.4.4 **Termination**. Penn Station reserves the right to terminate the National Fund. On termination, Franchisee will not be obligated to make further payments to the National Fund, and Penn Station will expend any remaining funds for System Advertising.

10. INSURANCE.

10.1 **Coverage**. During the term of this Agreement, Franchisee will purchase and maintain in full force and effect, at Franchisee's expense, the following insurance coverage:

10.1.1 **General Liability**. Comprehensive general liability insurance for bodily injury and property damage in amounts and with any specific coverages and endorsements as are specified in the Confidential Operating Manual. Each of Penn Station, its officers, shareholders, directors, employees, and agents must be named as an additional insured in this policy or policies. All such insurance shall be primary to Penn Station and non-contributory with any other insurance available to Penn Station or any claim or liability covered by any of Penn Station's insurance;

10.1.2 **Employee Insurance**. Worker's Compensation and occupational disease insurance as well as other insurance that may be required by statute or rule of the state or territory in which Franchisee operates and all group medical and health coverage as is required by law;

10.1.3 **Contents Insurance**. Special form property insurance, or the broadest property insurance then commercially available, insuring 100% of the replacement value of Franchisee's inventory, supplies, equipment, furniture, furnishings, trade fixtures, leasehold improvements and other Restaurant Improvements, together with business interruption coverage, insuring "actual loss of income" for up to 12 months;

10.1.4 **Premises Insurance**. All insurance required by the Premises Lease;

10.1.5 **Auto Insurance**. Comprehensive automobile liability coverage for both owned and hired & non-owned vehicles used in the Franchised Business, with a minimum combined, single limit of at least $1,000,000 for bodily injury and property damage. Penn Station must be named as an additional insured in this policy or policies; and

10.1.6 **Other Insurance**. Any other insurance as Franchisee elects to procure for its protection or that is otherwise required by law in addition to the coverage required by the other subsections of this Section 10.1.

10.2 **Policies**. The insurance policy or policies maintained by Franchisee must (i) be issued by insurance carriers given at least an "A" rating by Alfred M. Best & Company, Inc. (or any successor rating agency) and (ii) include, at a minimum, the coverage described in Section 10.1 plus any additional coverage and higher policy limits as may reasonably be required by Penn Station on 30 days written notice to all franchisees from time to time in the Confidential Operating Manual or otherwise in writing. If Franchisee receives notice from Penn Station requiring Franchisee to purchase additional coverage or to increase its policy limits, then Franchisee may submit to Penn Station the opinion of Franchisee's insurance carrier to the effect that the additional coverage or the policy limit increase, or both, are not required based on risk factors for the size and scope of the Franchised Business in the market in which the Franchised Business is located (the "Insurance Report"). If Penn Station's insurance consultant (a) agrees with the conclusions in the Insurance Report, then Franchisee will not be required to purchase the additional insurance and Penn Station will pay the reasonable cost, if any, charged by Franchisee's insurance carrier to render the Insurance Report unless Penn Station had reasonable grounds to require the new coverages or higher policy limits, or (b) disagrees with the conclusions in the Insurance Report in whole or in part, then Franchisee will implement the additional coverages or higher policy limits arrived at by Penn Station's insurance consultant. Franchisee will furnish to Penn Station (1) on the signing of this Agreement and on each renewal of the applicable policy, a certificate of insurance evidencing that there is insurance coverage meeting the foregoing requirements and that Penn Station has no liability under those policies for unpaid premiums or other charges and (2) an additional insured endorsement on Penn Station's request. At Penn Station's request, Franchisee will furnish to Penn Station a copy or copies of the applicable

insurance policies. Each certificate and the additional insured endorsement must state that the policy or policies will not be canceled or altered without 30 days prior written notice to Penn Station. Maintenance of this insurance and performance by Franchisee of the obligations under this Section 10 will not relieve Franchisee of its obligations under the indemnity provisions of Section 17.4.

11. PRICES. Penn Station may from time to time advise and offer guidance to Franchisee in connection with the prices for the products and services offered for sale by a Penn Station Restaurant which, in Penn Station's judgment, constitutes good business practice. These suggested prices, including any prices charged through third-party delivery services, will be based on the experience of Penn Station in operating Penn Station Restaurants and an analysis of various cost data and the prices charged for competitive products and services. Except as provided in this Section 11, Franchisee is not obligated to accept any of this advice or guidance and has the sole right to determine the prices to be charged from time to time by the Franchised Business, and none of Penn Station's advice or guidance may be deemed or construed to impose on Franchisee any obligation to charge any fixed, minimum or maximum prices for any product or service offered for sale by the Franchised Business. Notwithstanding the foregoing in this Section 11, Penn Station, to the extent Penn Station is not prohibited from doing so under applicable law, reserves the right to set prices for any product or service offered for sale by the Franchised Business. Nothing in this Section 11, however, may be interpreted to allow Franchisee to make separate charges for menu items specified by Penn Station to be included as part of the same item (*e.g.*, sandwich toppings) or allow Franchisee to charge for certain items designated from time to time by Penn Station as being no-charge, such as water.

12. TRANSFERABILITY OF BUSINESS.

12.1 Transfer by Penn Station. Penn Station will have the right to transfer or assign all or any part of its rights or delegate all or any part of its obligations under this Agreement or in any other agreement between Penn Station and Franchisee to any Person; however, as a condition of any total assignment by Penn Station of its rights and the total delegation of its obligations, the Person to whom Penn Station assigns its interests will assume Penn Station's obligations under this Agreement arising after the effective date of the assignment. Franchisee will sign any forms Penn Station may reasonably request to effectuate any assignment by Penn Station. On that total assignment by Penn Station, Penn Station is, without any further act or instrument, immediately released of any and all obligations, duties, and liabilities arising under or out of this Agreement or any other agreement between Penn Station and Franchisee.

12.2 Transfer by Franchisee. Franchisee understands and acknowledges that Franchisee's rights and duties in this Agreement are personal to Franchisee and that Penn Station has entered into this Agreement in reliance on ~~Franchisee's business skills, character and financial capacity (and, if Franchisee is a Business Entity, then in reliance on~~ the Managing Owner's, the Operations Director's, the Designated Owner's, and, as applicable, each other Owner's business skill, character and financial capacity~~)~~. Accordingly, none of the Transfers described in Sections 12.2.1, 12.2.2, 12.2.3 or 12.3 below may occur without the prior consent of Penn Station:

12.2.1 Total Franchise Transfer. (i) Franchisee may not Transfer (as defined below) any interest in this Agreement, the Franchise, the Franchised Business, or any one or more of them; (ii) Franchisee may not (a) sell, lease or make any other Transfer of all or substantially all of its properties to any Person or (b) consolidate with or be a party to any merger with any Person; or (iii) there cannot be any sale or other Transfer of all of the Ownership Interests ~~of a franchisee Business Entity~~in Franchisee to any Person or Persons;

12.2.2 New Owner Transfer. In addition to Section 12.2.1 above and Section 12.2.3 below, (i) no Owner ~~of a franchisee Business Entity~~ may Transfer all or any part of his Ownership Interests in Franchisee to any Person, and (ii) Franchisee may not sell, create, issue or otherwise Transfer any Ownership Interest in Franchisee to any Person whom, it is proposed, will become an Owner of Franchisee (either case described in clause (i) or (ii) of this Section 12.2.2 being, a "New Owner Transfer"); or

12.2.3 Existing Owner Transfer. In addition to Section 12.2.2, (i) no Owner ~~of a franchisee Business Entity~~ may Transfer all or any part of his Ownership Interests in Franchisee to any other Owner ~~of the franchisee Business Entity~~; and (ii) Franchisee may not sell, create, issue or otherwise Transfer any Ownership Interest in Franchisee to any Person who, at the time of the Transfer, is an Owner of Franchisee (either case described in clause (i) or (ii) of this Section 12.2.3 being, an "Existing Owner Transfer").

12.3 Unauthorized Transfers Void. Any purported Transfer, by operation of law or otherwise, without the prior written consent of Penn Station will be null and void and will be a Default. "Transfer" means any direct or indirect method or manner by which legally or beneficially an ownership interest or ownership rights are presently, in the future, or on the happening of an event or condition, transferred, including, by way of illustration, by sale, gift, merger, consolidation, assignment, subscription, death (including by will), divorce, declaration or transfer in trust, or by the exercise by a creditor of his rights under the law. An example of an indirect transfer of an interest that is subject to this Agreement is the transfer by an existing Owner of his interest in Franchisee first to Franchisee or to any other Owner of Franchisee, either of which then issues or transfers all or a portion of the interest transferred by the initially transferring Owner to a new Person who becomes an Owner. Franchisee and its Owners irrevocably waive any and all claims against Penn Station arising out of the exercise of Penn Station's discretion in approving or disapproving any Transfer under this Section 12. Franchisee must give Penn Station reasonable prior notice of any contemplated Transfer for Penn Station to determine whether to grant or withhold its consent to the proposed Transfer. No advertising, marketing or publication (whether in print or electronically) to be undertaken in connection with any Transfer may purport to make any representation or warranty by Penn Station or may depict any of the Marks, the Copyrighted Materials, or the System in any manner contrary to the terms of this Agreement, the Confidential Operating Manual, or any requirements provided by Penn Station. Franchisee will cause any advertising, marketing or publication to be undertaken in connection with any proposed Transfer to be submitted to Penn Station in advance of placing the advertising, marketing or publication for Penn Station's review to confirm the matters in the immediately preceding sentence.

12.4 Conditions to Total Transfer. Notwithstanding anything to the contrary in Section 12.2.1, Penn Station will not unreasonably withhold its consent to (i) a sale by Franchisee of the Franchised Business to a Person who proposes to continue Franchisee's business as a successor business including undertaking Franchisee's obligations under this Agreement (a "Proposed Purchaser"), (ii) a sale by Franchisee of all of its properties (including the Franchised Business) to a Proposed Purchaser, or (iii) the sale by the Owners ~~of a franchisee Business Entity~~ of all, but not less than all, of their Ownership Interests in Franchisee to one or more Proposed Purchasers who are natural persons, if, before the applicable Transfer described in items (i), (ii) or (iii) of this Section 12.4, the following conditions are satisfied to the sole satisfaction of Penn Station:

12.4.1 No Default. All of Franchisee's accrued monetary obligations to Penn Station and all other outstanding obligations related to this Agreement, each other franchise agreement between Franchisee and Penn Station, and all other agreements with Penn Station have been satisfied and Franchisee is not in Default. No Default may be created from the proposed Transfer. The Proposed Purchaser must sign (and on Penn Station's request, causes all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and all other agreements as Penn Station may require for the Penn Station Restaurants being transferred (including signing Penn Station's then current franchise agreements). Guaranties, satisfactory to Penn Station, from the Proposed Purchaser's Owners of the Proposed Purchaser's obligations to Penn Station must be delivered to Penn Station at Penn Station's request. Notwithstanding anything to the contrary in this Section 12.4.1, the then current franchise agreement to be signed by the Proposed Purchaser will, for the remaining term of this Agreement, contain the same renewal fee as provided in Section 2.2.6, the same continuing monthly royalty fee formula as provided in Section 3.1.2, the same percentage limitation of any Local Advertising pursuant to Section 9.1.1, the same

percentage limitation of any National Fund fee implemented by Penn Station pursuant to Section 9.4, the same Restricted Territory as described in Section 1.2, and the same Franchised Premises described in Section 1.3;

12.4.2 Cash Flow; Financial Condition. The proposed Transfer must be on terms so that the cash flow from the Proposed Purchaser and the Owned Units being transferred (including the Franchised Business) after payment of debt service (including interest), taxes, and the compensation of the Managing Owner, each Operations Director and, as applicable, each General Manager is sufficient for all required expenditures with respect to the Proposed Purchaser and all of the Owned Units being transferred (including the Franchised Business). Franchisee's (and any Owner's) right to receive any compensation, pursuant to any agreement for the purchase of any interest in Franchisee or in the Owned Units being transferred (including the Franchised Business), is subordinate and secondary to Penn Station's right to receive (i) any and all monetary and other obligations due from the Proposed Purchaser and (ii) payment and performance of all other obligations under this Agreement and each other franchise agreement between Franchisee and Penn Station, whether any of those obligations arose before or after the Transfer. Furthermore, (a) the source of financing and the financial condition and structure of (1) the Proposed Purchaser and (2) the owners of the Proposed Purchaser (including its and their net worth, cash flow, and working capital) and (b) the proposed level of involvement by the owners of the Proposed Purchaser in the business, finances and operations of the Proposed Purchaser, in each instance, must in all respects be satisfactory to Penn Station;

12.4.3 Ownership. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5. In addition, the ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar

month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;

12.4.6 Compliance. The rights or interests being sold have been first offered to Penn Station in the manner described in Section 12.9 below, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require Franchisee and its Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, members, employees, and agents;

12.4.7 Transfer Fee. Franchisee pays to Penn Station a transfer and processing fee ~~of $2,500;~~ as set forth below based upon the number of Restaurants transferred by Franchisee to each Proposed Purchaser. If the Transfer involves multiple Proposed Purchasers with common ownership, as determined by Penn Station, such Proposed Purchasers will be deemed to be a single Proposed Purchaser solely for purposes of the following table:

Total Number of Restaurants Transferred to Each Proposed Purchaser	Total Transfer Fee
1	$2,500
2-5	$5,000
6-9	$7,500
10 or more	$10,000;

and

12.4.8 Designated Owner. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~ and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn

Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person.

12.5 Conditions to New Owner Transfer. Notwithstanding anything to the contrary in Section 12.2, Penn Station will not unreasonably withhold its consent to a New Owner Transfer (as defined in Section 12.2.2) if, before the applicable Transfer, the following conditions are satisfied to the sole satisfaction of Penn Station:

12.5.1 No Default. All of Franchisee's accrued monetary obligations to Penn Station and all other outstanding obligations related to this Agreement, each other franchise agreement between Franchisee and Penn Station, and all other agreements with Penn Station have been satisfied and Franchisee is not in Default. No Default may be created from the proposed Transfer;

12.5.2 Managing Owner. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (~~iii) the new person must~~iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect~~; and (iv) Franchisee must pay to~~. In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other applicable franchise agreement

between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee~~ within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;

12.5.4 No Change of Control. There must not be any Change of Control of Franchisee (except as a result of a change in the Managing Owner who ~~is approved~~has received Penn Station's prior consent in accordance with the terms of Section 12.5.2 above or as a result of a change in the Designated Owner who ~~is approved~~has received Penn Station's prior consent in accordance with the terms of Section 12.5.7 below). For purposes of this Agreement, "Change of Control" means any Transfer of any of the Ownership Interests in Franchisee which, as determined by Penn Station, results in a change, from the date of this Agreement or from the date of any subsequent Transfer ~~approved~~consented to by Penn Station, in those Owners or Owner of Franchisee who, acting alone or in concert, have been represented to Penn Station on Exhibit A attached to have (i) the power, direct or indirect, to vote those Ownership Interests in Franchisee having voting power to elect a majority of the applicable governing body of Franchisee, (ii) the power, direct or indirect, to vote those Ownership Interests in Franchisee having majority voting power, or (iii) the power otherwise to direct, or cause the direction of, the management, policies, operations, and affairs of Franchisee, whether by contract or otherwise;

12.5.5 Sign Agreement; Compliance. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require the transferring Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, managers, members, employees, and agents;

12.5.6 Transfer Fee. Franchisee pays to Penn Station a transfer and processing fee of $2,500 for each Transfer; and

12.5.7 Designated Owner. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, ~~24.4~~20.3, 24.4, and 24.5 and each other franchise agreement between Franchisee and Penn Station; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person.

12.6 Conditions to Existing Owner Transfer. Notwithstanding anything to the contrary in Section 12.2, Penn Station will not unreasonably withhold its consent to an Existing Owner Transfer (as defined in Section 12.2.3) if, before the applicable Transfer, the following conditions are satisfied to the sole satisfaction of Penn Station:

12.6.1 No Default. All of Franchisee's accrued monetary obligations to Penn Station and all other outstanding obligations related to this Agreement, each other franchise agreement between Franchisee and Penn Station, and all other agreements with Penn Station have been satisfied and Franchisee is not in Default. No Default may be created from the proposed Transfer;

12.6.2 Managing Owner. The Managing Owner designated as such in this Agreement must remain the "Managing Owner" after the Transfer; however, if, as a result of the Existing Owner Transfer, an existing Owner will purchase the interest of, or otherwise become, the new "Managing Owner", then the terms and conditions of Section 5.2 must be satisfied;

12.6.3 Operations Director. The Operations Director designated as such in this Agreement must remain the "Operations Director" after the Transfer; however, if, as a result of the Existing Owner Transfer, an existing Owner will purchase the interest of, or otherwise become, the new "Operations Director", then the terms and conditions of Section 5.2 must be satisfied;

12.6.4 Control. There must not be any Change of Control of Franchisee (except as a result of a change in the person who is the Managing Owner who ~~is approved~~has received Penn Station's prior consent in accordance with the terms of Section 5.2 or as a result of a change in the Designated Owner who ~~is approved~~has received Penn Station's prior consent in accordance with the terms of Section 5.2);

12.6.5 Transfer Fee; Compliance. Franchisee pays to Penn Station a transfer and processing fee of $~~500~~1,000 for each Transfer, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require the transferring Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, managers, members, employees, and agents; and

12.6.6 Designated Owner. The Designated Owner designated as such in this Agreement must remain the "Designated Owner" after the Transfer; however, if, as a result of the Existing Owner Transfer, an existing Owner will purchase the interest of, or otherwise become, the new "Designated Owner", then the terms and conditions of Section 5.2 must be satisfied.

12.7 Death; Incapacity of Owners.

12.7.1 Managing Owner. If the Managing Owner dies or becomes incompetent, then either of the following must happen within 180 days after the date of his death or incompetence:

(i) **Existing Owners Apply to Continue Operations**. All surviving or remaining Owners of Franchisee must designate, among themselves, a new Managing Owner and then apply to Penn Station for the right to continue to operate all of the Owned Units as the Owners of Franchisee under each franchise agreement between Penn Station and Franchisee (including this Agreement). The heir, beneficiary, devisee, guardian or legal representative ("Representative") of the Managing Owner may not become an Owner of Franchisee unless he has been consented to by Penn Station under Section 12.5 above as if the Representative were being proposed as a new Owner. Penn Station will grant the right to Franchisee to continue to operate each of the Owned Units if the new person proposed to be Managing Owner satisfies all of the conditions in Section

5.2 and all of the conditions in Sections 12.5 and 12.6 are satisfied with respect to any Transfer of the Ownership Interest of the Managing Owner to another Owner or Owners of Franchisee; or

(ii) **Sale to Third Party**. The Representative of the Managing Owner must sell the Managing Owner's interest (if the other existing Owners of Franchisee have given their consent) to a proposed new Owner or to an existing Owner of Franchisee in compliance with all of the provisions of Sections 12.5 and 12.6; however, if a timely and proper application by the remaining Owners of Franchisee for the right to continue to operate has been made under Section 12.7.1(i) and rejected by Penn Station, the 180 days to sell the Managing Owner's interests to a proposed new Owner or to an existing Owner of Franchisee will be determined from the date of rejection by Penn Station. If the Managing Owner's interest is sold in accordance with this Section 12.7.1, then all of the surviving or remaining Owners of Franchisee must designate a new Managing Owner ~~for approval by~~, who is subject to Penn Station's prior consent, in accordance with the terms of this Agreement.

12.7.2 Operations Director. If the Operations Director dies or becomes incompetent, then either of the following must happen within 180 days after the date of his death or incompetence:

(i) **Existing Owners Apply to Continue Operations**. All surviving or remaining Owners of Franchisee must designate a new Operations Director and then apply to Penn Station for the right to continue to operate all of the Owned Units as the Owners of Franchisee under each franchise agreement between Penn Station and Franchisee (including this Agreement). If the Operations Director is an Owner of Franchisee, the Representative of the Operations Director may not become an Owner of Franchisee unless he has been consented to by Penn Station under Section 12.5 as if the Representative were being proposed as a new Owner. Penn Station will grant the right to Franchisee to continue to operate each of the Owned Units if the new person proposed to be Operations Director satisfies all of the conditions in Section 5.2 and all of the conditions in Sections 12.5 and 12.6 are satisfied with respect to any Transfer of the Ownership Interest, if any, of the Operations Director to another Owner or Owners of Franchisee; or

(ii) **Sale to Third Party**. The Representative of the Operations Director must sell the Operations Director's interest (if the Operations Director is an Owner and the other existing Owners of Franchisee have given their consent) to a proposed new Owner or to an existing Owner of Franchisee in compliance with all of the provisions of Sections 12.5 and 12.6; however, if a timely and proper application by the remaining Owners of Franchisee for the right to continue to operate has been made under Section 12.7.2(i) and rejected by Penn Station, the 180 days to sell the Operations Director's interests to a proposed new Owner or to an existing Owner of Franchisee will be determined from the date of rejection by Penn Station. If the Operations Director's interest is sold in accordance with this Section 12.7.2, then all of the surviving or remaining Owners of Franchisee must designate a new Operations Director ~~for approval by~~, who is subject to Penn Station's prior consent, in accordance with the terms of this Agreement.

12.7.3 ~~Individual Franchisee (sole proprietor);~~ Other Owners. If any ~~individual franchisee (sole proprietor) or any Owner of a franchisee Business Entity~~Owner (other than the Managing Owner, Operations Director, or Designated Owner) dies or becomes incompetent, then the Representative ~~of the individual franchisee (sole proprietor) or, as applicable,~~ of the affected Owner (together with all surviving or remaining Owners) ~~of the franchisee Business Entity~~, must, within 180 days of the date of death or incompetence:

(i) **Existing Owners Apply to Continue Operations**. Apply to Penn Station for the right to continue to operate all of the Owned Units under each franchise agreement between Penn Station and Franchisee (including this Agreement) as ~~(a) the Franchisee, in the case of an individual franchisee (sole proprietor) or (b) an Owner of the franchisee Business Entity~~an Owner. The Representative of the deceased or incompetent ~~(1) individual franchisee (sole proprietor) or (2)~~ affected Owner ~~of a franchisee Business Entity~~ may

not become ~~an individual franchisee or~~ the Owner ~~of a franchisee Business Entity~~ unless he has been consented to by Penn Station under Sections 12.4, 12.5 and, as applicable, 12.6 as if the Representative were being proposed ~~(A)~~ as a new ~~franchisee~~Owner in the case of the death or incompetency of an ~~existing individual franchisee (sole proprietor) or (B) as a new Owner in the case of the death or incompetency of an Owner of a franchisee Business Entity~~Owner. Penn Station will grant the right to Franchisee to continue to operate each of the Owned Units if all of the conditions in Sections 12.4, 12.5 and, as applicable, 12.6 are satisfied; or

(ii) **Sale to Third Party**. ~~(a) Sell the individual franchisee's (sole proprietor's) interests in the Franchise in compliance with all of the provisions of Sections 12.4, 12.5 and, as applicable, 12.6 and (b) sell~~Sell the affected Owner's interest (if the other existing Owners have given their consent) in compliance with all of the provisions of Sections 5.2, 12.4, 12.5 and, as applicable, 12.6; however, if a timely and proper application for the right to continue to operate has been made under Section 12.7.3(i) and rejected by Penn Station, the 180 days to sell will be determined from the date of rejection by Penn Station.

12.7.4 Non-Compliance. If any death or incompetence occurs with respect to the Managing Owner or any Operations Director, as described above, or as provided in Section 12.7.6 with respect to the Designated Owner, and the provisions of this Section 12.7 have not been satisfied within the time provided, all rights of Franchisee under this Agreement and under each other franchise agreement between Penn Station and Franchisee will, at the option of Penn Station, terminate immediately and automatically revert to Penn Station. If, however, the terms and conditions of Section 12.7 have been otherwise satisfied and the only remaining event requisite to full compliance with the provisions of Section 12.7 is the consummation, in fact, of the ~~approved~~consented to Transfer, then the 180 day period referred to in Section 12.7 will be extended by an amount of time determined appropriate by Penn Station. For Penn Station to consider an application to extend the 180 day period, (i) the delay must be caused solely by circumstances which Penn Station determines are beyond the control of the applicable Persons involved, (ii) the operations of the Franchised Business may not be adversely affected in any material respect, in Penn Station's judgment, during the additional time period, and (iii) no more than a total of 30 additional days may be requested. Nothing in this Section 12.7.4 or elsewhere in this Section 12.7, however, relieves, or may be treated as relieving, Franchisee of, or as suspending, any of its duties and obligations under this Agreement during any of the time periods specified under this Section 12.7.

12.7.5 Operation by Penn Station. If ~~(i) an individual franchisee has died or become incompetent or (ii)~~ the Managing Owner or any Operations Director has died or become incompetent and the Managing Owner or any remaining Owners, are not, as determined by Penn Station, able to operate the Franchised Business, then Franchisee authorizes Penn Station to operate each of the Owned Units until the provisions of this Section 12.7 have been satisfied. The operation of the Owned Units by Penn Station will not be treated as waiving any other rights or remedies that Penn Station may have under this Agreement or any other franchise agreement to prevent any interruption of those Restaurants which would cause harm to those Restaurants, the System or the Marks. Notwithstanding Penn Station's authorization to operate each of the Owned Units under this Section 12.7.5, Penn Station will not be obligated (and nothing contained in this Agreement may be deemed to obligate Penn Station) to operate any of the Owned Units. All monies from the operation of each of the Owned Units will be kept in a separate account, and the expenses and other costs of each of the Owned Units, including reasonable compensation and expenses for Penn Station's employees and representatives, will be charged to this account.

12.7.6 Designated Owner. If the Designated Owner dies or becomes incompetent, then either of the following must happen within 180 days after the date of his death or incompetence:

(i) **Existing Owners Apply to Continue Operations**. All surviving or remaining Owners of Franchisee must designate, among themselves, a new Designated Owner and then apply to Penn Station for the right to continue to operate all of the Owned Units as the Owners of Franchisee under each

franchise agreement between Penn Station and Franchisee (including this Agreement). The Representative of the Designated Owner may not become an Owner of Franchisee unless he has been consented to by Penn Station under Section 12.5 above as if the Representative were being proposed as a new Owner. Penn Station will grant the right to Franchisee to continue to operate each of the Owned Units if the new person proposed to be Designated Owner satisfies all of the conditions in Section 5.2 and all of the conditions in Sections 12.5 and 12.6 are satisfied with respect to any Transfer of the Ownership Interest of the Designated Owner to another Owner or Owners of Franchisee; or

(ii) **Sale to Third Party**. The Representative of the Designated Owner must sell the Designated Owner's interest (if the other existing Owners of Franchisee have given their consent) to a proposed new Owner or to an existing Owner of Franchisee in compliance with all of the provisions of Sections 12.5 and 12.6; however, if a timely and proper application by the remaining Owners of Franchisee for the right to continue to operate has been made under Section 12.7.6(i) and rejected by Penn Station, the 180 days to sell the Designated Owner's interests to a proposed new Owner or to an existing Owner of Franchisee will be determined from the date of rejection by Penn Station. If the Designated Owner's interest is sold in accordance with this Section 12.7.6, then all of the surviving or remaining Owners of Franchisee must designate a new Designated Owner ~~for approval by~~, who is subject to Penn Station's prior consent, in accordance with the terms of this Agreement.

12.8 Continuing Duties. Penn Station's consent to a Transfer of (i) any interest in or property of Franchisee, (ii) this Agreement, any other franchise agreement or any multi-unit development agreement between Franchisee and Penn Station, or (iii) the Franchised Business will not (a) relieve Franchisee (or the Managing Owner or any of the other Owners who have delivered a guaranty to Penn Station) of any of its, his or their liability for all unpaid, monetary obligations which have accrued or are otherwise due as of the effective date of Transfer, (b) relieve any of Franchisee or, as applicable, its Officers, directors, or Owners or the Operations Director, of any of its, his or their obligations contained in Sections 5.1.5, ~~5.5,~~5.4, 12.9 or 15 or the Operations Director Non-Compete Agreement except where Penn Station has expressly authorized a release in writing, (c) constitute a waiver of any claims Penn Station may have against the transferring Person or Persons, or (d) be deemed a waiver of Penn Station's right to demand exact compliance by Franchisee with any of the terms of this Agreement or any other franchise agreement between Franchisee and Penn Station.

12.9 Right of First Refusal. Each of the Persons (the "Seller") holding any rights or interests in Franchisee or the Franchised Business, desiring to accept any bona fide written offer from any other Person (the "Buyer") to purchase or otherwise to obtain by any other Transfer the rights or interests proposed to be sold or otherwise Transferred by a Seller ("Seller's Interests"), must first offer in writing to Penn Station (the "Offer") to sell or otherwise acquire Seller's Interests to Penn Station for the price and other considerations offered by the Buyer. Penn Station will have the right and option, exercisable within 45 days after receipt of the Offer, to accept the Offer by sending written notice to Seller. If Penn Station elects not to accept the Offer, then Seller will have the right to sell Seller's Interests, subject to the other requirements of this Section 12, to the Buyer identified in the Offer on the same terms and conditions disclosed in the Offer; however, any material change in the terms of the Offer before the closing of the sale or other Transfer will constitute a new offer subject to the same terms and conditions of this Section 12.9 as in the case of an initial Offer. If Seller's Interests are not sold within 180 days after the date of the Offer, then Seller must again offer to sell or otherwise acquire Seller's Interests to Penn Station before any sale or other Transfer to any other Person. Penn Station's election not to exercise the option afforded by this Section 12.9 is not a waiver of any of Penn Station's other rights under this Agreement, including all other requirements of this Section 12.

12.10 Transfers to Existing Franchisees. Notwithstanding anything to the contrary in this Agreement, Transfers to other, existing franchisees (or to owners of other, existing franchisees) may be subject to conditions materially different from, or in addition to, conditions with regard to other Transfers. Penn Station

reserves the right to establish those other conditions in written policies delivered periodically to Franchisee, which, if adopted by Penn Station, will be incorporated into and become a part of this Agreement. Without limiting its rights as provided in the preceding sentences of this Section 12.10, Penn Station reserves the right to disapprove a Transfer to an existing franchisee (or to owners of another existing franchisee) based on any of the following (in addition to the other terms and conditions of this Agreement): (i) the Proposed Purchaser does not meet Penn Station's then current Multi-Unit Guidelines; (ii) the current geographic scope and proximity of the Proposed Purchaser's other Restaurants and other operations; (iii) the physical, financial, and operational condition of the Proposed Purchaser's other Restaurants; (iv) the Restaurant penetration level and opportunities present in the Proposed Purchaser's existing markets; (v) the period of time since the Proposed Purchaser last acquired Restaurants and the extent to which the Proposed Purchaser has properly assimilated those Restaurants into its operations and organization and has eliminated any adverse conditions or circumstances arising from or related to those other acquisitions; and (vi) the number of Penn Station Restaurants owned or controlled by the Proposed Purchaser is, in Penn Station's judgment, too numerous if the acquisition were consummated.

13. DEFAULT AND TERMINATION.

13.1 Automatic Termination. Franchisee is in Default under this Agreement, and all rights granted under this Agreement and any other agreement between Penn Station and Franchisee pertaining to the Franchised Business will automatically terminate without notice to Franchisee or without any opportunity to cure, if:

13.1.1 Bankruptcy. Franchisee files or there is filed against it a petition under any chapter of The Bankruptcy Code of 1978, as amended, Title 11 U.S.C. §101 *et seq.*, and any involuntary petition is not dismissed within 30 days of the date of its filing;

13.1.2 Insolvent. Franchisee makes a general assignment for the benefit of creditors, becomes insolvent, dissolves, or is unable to pay or admits in a writing its inability to pay its debts as they become due;

13.1.3 Receiver. A receiver, custodian, trustee or other fiduciary, permanent or temporary, of Franchisee (or all or any part of Franchisee's assets or property) is appointed by a court of competent jurisdiction;

13.1.4 Crime. Franchisee is convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials;

13.1.5 Seizure; Execution of Judgment. (i) (a) Any of Franchisee's properties are seized, taken over, or foreclosed on by (1) a governmental official in the exercise of his duties or (2) a creditor, lienholder or lessor or (b) any proceeding brought in connection with any of these actions is not dismissed within 30 days after the applicable proceeding is begun or (ii) execution of any judgment is levied against Franchisee's assets or property; or

13.1.6 Unlawful Transfer. Any Transfer, as described in Sections 12.2 or 12.3 above, is made without Penn Station's prior written consent.

13.2 Termination On Notice. Franchisee is in Default, and Penn Station may, at its option, terminate all of Franchisee's rights under this Agreement and any other agreement between Penn Station and Franchisee pertaining to the Franchised Business (i) without affording Franchisee any opportunity to cure the Default and (ii) effective on Franchisee's receipt of notice from Penn Station, if:

13.2.1 Ceases Operation; Training.

(i) Franchisee (a) does not (1) lease the Franchised Premises, construct the Restaurant Improvements, prepare the Franchised Premises, and begin business operations as required by Sections 1.3.1, 1.3.2, 1.3.3, and 1.3.5, (2) locate a Relocation Site within the time period required by Section 1.4.2, or (3) begin operation at the Relocation Site within the time period required by Section 1.4.3 (as may be extended by Penn Station under Section 1.4.4); (b) is unable to lawfully possess the Franchised Premises subject to Section 1.4; (c) ceases, subject to Section 1.4, to operate or otherwise abandons the Franchised Premises; or (d) forfeits the right to transact business in the state or territory where the Franchised Business is located which is not cured by Franchisee within 7 business days after Franchisee learns or is notified that it has lost the right to transact business in the state or territory where the Franchised Business is located; or

(ii) ~~an individual franchisee (sole proprietor) does not complete the Training Program required by Section 5.1.1 to Penn Station's satisfaction; or(iii)~~ (a) the Managing Owner, any Operations Director or any General Manager does not complete the Training Program required by Section 5.1.1 to Penn Station's satisfaction and (b) Franchisee does not replace, as applicable, the General Manager, the Operations Director, or the Managing Owner with a person who has received Penn Station's ~~approval~~prior consent within 90 days after Penn Station notifies Franchisee that the Training Program has not been completed to Penn Station's satisfaction as provided in the immediately preceding clause (a) of this Section 13.2.1(~~iii~~ii). Any replacement Managing Owner, Operations Director, or, as applicable, General Manager must satisfy the terms of this Agreement and each other franchise agreement between Franchisee and Penn Station, including the payment to Penn Station of the applicable Transfer and training fee, by the end of that 90 day period. Nothing in this Section 13.2.1, however, relieves, or may be treated as relieving, Franchisee of, or as suspending, any of its duties and obligations under this Agreement during the period that Franchisee obtains ~~an approved~~a replacement Managing Owner, General Manager, and, as applicable, Operations Director in compliance with this Agreement;

13.2.2 Underreporting. Franchisee submits, in any 12 month period, (i) two or more monthly reports or other sales data or reports, (ii) sales or income tax returns or supporting records, or (iii) other information to Penn Station which, in any case (a) understates by 2% or more the Net Sales of the Franchised Business or (b) contains any untrue statement or omits any information necessary to make any statement not misleading in any material respect;

13.2.3 Dishonest. Franchisee operates the Franchised Business in a manner that is dishonest, disreputable or unethical with its customers, vendors or employees;

13.2.4 Misuse of Marks. Franchisee misuses or makes any ~~unauthorized~~unapproved use of any of the Marks or Copyrighted Materials or otherwise adversely affects, in the sole opinion of Penn Station, the goodwill associated with any of the Marks, Copyrighted Materials or Penn Station's rights in any of the Marks or Copyrighted Materials;

13.2.5 Misrepresentation. Except as provided in Section 13.2.2, Franchisee made or makes any material misrepresentation to Penn Station in any information, application or report delivered to, or any communications with, Penn Station before or during the term of this Agreement;

13.2.6 Disclosure. Franchisee discloses or divulges, contrary to Section 7, the contents of the Confidential Operating Manual or other trade secrets or Confidential Information;

13.2.7 Transfer Upon Death. Subject to Section 12.7.4, ~~an approved~~a transfer under Section 12.7 is not effected in accordance with Section 12.7 within 180 days following the death or incompetence of ~~(i) an individual franchisee (sole proprietor) or (ii)~~ any Owner ~~of a franchisee Business Entity~~;

13.2.8 Unlawful Competition. Any of the covenants in Section 15 or the Operations Director Non-Compete Agreement are not complied with by Franchisee, ~~an individual franchisee (sole proprietor), or~~ the Managing Owner, the Operations Director or any Owner, Officer or director of ~~a franchisee Business Entity~~Franchisee;

13.2.9 Multiple Defaults. There has occurred more than three Defaults at any time within any preceding 12 month period (whether these Defaults have been cured) under this Agreement;

13.2.10 Judgment. A final judgment against Franchisee remains unsatisfied or of record for a period greater than 30 days (unless a stay is granted and a corresponding supersedeas bond is filed) which Penn Station has determined is material with respect to the financial condition or operations of Franchisee;

13.2.11 Crime; Bankruptcy; Receiver. (i) (a) The Managing Owner, the Operations Director, any Officer of Franchisee having executive authority, or any Owner of Franchisee who owns a controlling interest in Franchisee is convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or the Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials and (b) Franchisee does not present a plan to Penn Station within 15 days of that default which cures (if curable in Penn Station's judgment) the default to Penn Station's satisfaction, (ii) an Owner of Franchisee files or there is filed against him a petition under any chapter of The Bankruptcy Code of 1978, as amended, Title 11 U.S.C. §101 *et seq.*, and any involuntary petition is not dismissed within 30 days of the date of its filing, or (iii) a receiver, custodian, trustee or other fiduciary, permanent or temporary, of an Owner of Franchisee (or all or any part of that Owner's assets or property) is appointed by a court of competent jurisdiction;

13.2.12 Managing Owner; Operations Director. (i) (a) Subject to Section 12.7, the person who is designated on Exhibit A as the Managing Owner, for whatever reason, is no longer acting in the capacity of the Managing Owner in accordance with the terms of this Agreement or (b) subject to Section 12.7, the person who is designated on Exhibit A as the Operations Director, for whatever reason, is no longer acting in the capacity of the Operations Director in accordance with the terms of this Agreement and (ii) except as a result of a death or incapacity which is the subject of Section 12.7 (and, therefore, Section 13.2.7), Franchisee does not replace the ~~approved~~ person (who was then acting as the Operations Director and, as applicable, the Managing Owner) within 90 days after that person ceases, as determined by Penn Station, to act as the Operations Director or, as applicable, the Managing Owner. Any replacement Managing Owner or, as applicable, Operations Director must satisfy the terms of this Agreement and each franchise agreement between Franchisee and Penn Station, including the payment to Penn Station of the applicable Transfer and training fee, by the end of that 90 day period. Nothing in this Section 13.2.12, however, relieves, or may be treated as relieving, Franchisee of, or as suspending, any of its duties and obligations under this Agreement during the period that Franchisee obtains ~~an approved~~a replacement Managing Owner and, as applicable, Operations Director in compliance with this Agreement; or

13.2.13 Leases. The Penn Station Restaurant Freestanding Store Lease Agreement (the "Free-standing Store Lease"), if applicable, between Franchisee and Penn Station Realty Ltd., an Ohio limited liability company ("PS Realty"), is in Default (as defined therein), is terminated or ceases to be in full force and effect or PS Realty elects to commence eviction or other similar proceedings to dispossess Franchisee from, or repossess, the Leased Premises (as defined in Free-standing Store Lease).

13.3 Termination With Notice and Opportunity to Cure. Franchisee is in Default, and Penn Station may, at its option, terminate this Agreement and all rights granted under this Agreement and any other

agreement between Penn Station and Franchisee pertaining to the Franchised Business, if (i) Penn Station has given Franchisee written notice that Franchisee has breached a term or condition of this Agreement (or any other agreement between Penn Station and Franchisee related to the Franchised Business) and (ii) the Default is not cured by Franchisee within 30 days after the date the written notice is given by Penn Station. Grounds for termination under this Section 13.3 exist if Franchisee does not:

13.3.1 **Payments**. Pay when due any amounts owed to Penn Station for fees, royalties or other charges due under this Agreement or under any other agreement between Penn Station and Franchisee pertaining to the Franchised Business;

13.3.2 **Manuals**. Comply with any term, provision, specification, standard or operating procedure contained in the Confidential Operating Manual, the Training Manuals, the Accounting Manual, the Marketing Materials, or informational updates to the foregoing;

13.3.3 **Reports**. Submit when due the reports, data, financial statements, tax returns, schedules or other information as provided in this Agreement (or any other agreement between Penn Station and Franchisee pertaining to the Franchised Business), the Confidential Operating Manual or the Accounting Manual; or

13.3.4 **Other Terms**. Except as provided in the other subsections of this Section 13, comply with any other term or provision of this Agreement or of any other agreement between Penn Station and Franchisee pertaining to the Franchised Business, and Franchisee does not cure the Default within 30 days after written notice of Default is given to Franchisee which describes the action that Franchisee must take to cure the Default; however, if Penn Station determines that the Default cannot be cured by diligent attention within the 30 day period and also determines that the Default does not have a material adverse effect on any of Franchisee, any of the benefits in favor of Penn Station intended by this Agreement, or the Franchised Business, then Franchisee will have a reasonable amount of time not exceeding 60 days after the Default notice was given within which to cure the Default if Franchisee continues diligently to take all actions to cure the Default.

13.4 **Default**. For purposes of this Agreement, Franchisee will be in "Default" under this Agreement on the occurrence of (i) any of the events listed in Sections 13.1, 13.2, or 13.3 or (ii) a default under or breach of any other agreement between Penn Station and Franchisee which relates to the Franchised Business. The provisions of any valid, applicable law or regulation expressly prescribing permissible grounds, cure rights or minimum periods of notice for the termination of the Franchise or this Agreement shall supersede any provision of this Agreement and of each other franchise agreement between Penn Station and Franchisee that is less favorable to Franchisee than such law or regulation.

13.5 **Penn Station Default**. Penn Station will not be in default unless Penn Station does not perform the obligations required of Penn Station under this Agreement within a reasonable time but in no event later than 60 days after written notice by Franchisee to Penn Station specifying in what exact manner Penn Station has not performed these obligations; however, if the nature of Penn Station's obligation is such that more than 60 days are required for performance, then Penn Station will not be in default if Penn Station begins performance within the 60 day period and thereafter diligently takes all required actions to cure the default within a reasonable time. If (a) Penn Station does not perform these obligations after notice and its opportunity to cure as provided in this Section 13.5 and (b) Franchisee is not in Default, then Franchisee will have the option to terminate this Agreement on 30 days advance written notice to Penn Station.

14. **OBLIGATIONS UPON TERMINATION**. On any termination of this Agreement (including any expiration of this Agreement), this Agreement and all rights granted to Franchisee under this Agreement will automatically terminate, and immediately:

14.1 **All Sums**. Franchisee will pay all sums owing to Penn Station, whether any of these amounts is then due and payable. If this Agreement is terminated because of any Default of Franchisee, the amounts owing to Penn Station will include all damages (including lost royalties and profits), costs and expenses, including reasonable attorneys' fees, incurred by Penn Station as a result of the Default;

14.2 **Stop Operation**. Franchisee will cease to have the right (i) to operate the Franchised Business and (ii) to use any trade secrets or Confidential Information of Penn Station or to use in advertising in any manner whatsoever any format, methods, procedures or techniques associated with the System except as may be permitted pursuant to the terms of any other franchise agreement between Franchisee and Penn Station which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. Franchisee will abandon possession of the Franchised Premises if Penn Station elects to assume the Premises Lease and will abandon possession of all Restaurant Improvements if these items are purchased by Penn Station pursuant to its option to purchase as provided in Section 14.8 or, if leased by Franchisee, that are assumed in writing by Penn Station (at its option) under any applicable leases;

14.3 **Withdrawal from List**. Franchisee's name will be withdrawn from all published lists of Persons who have been granted franchises to operate Restaurants and who are associated with the System unless Franchisee and Penn Station are parties to another franchise agreement which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. Except in any résumé or other required disclosure of work or business history in an application or similar document, Franchisee will not hold itself out to the public as a present or former franchisee unless Franchisee and Penn Station are parties to another franchise agreement which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units;

14.4 **No Use of Marks**. Franchisee will cease all use of the Marks, the Copyrighted Materials and the words "Penn Station", "Penn Station, East Coast Subs", "Penn Station, Cheesesteaks, Subs & Fries", "Penn Station Steak & Sub", or any colorable imitation of those names, in any manner whatsoever, including identification in advertising and any Electronic Media Site, except as may be permitted pursuant to the terms of any other franchise agreement which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. Franchisee will take all steps necessary to disassociate itself with the Marks and the Copyrighted Materials, including the withdrawal of all advertising material, the destruction of all letterhead, and removal and change of any Electronic Media Site, domain, page, handle, channel or account names, Internet or Intranet addresses, e-mail addresses or other identification that utilize any of the Marks, Copyrighted Materials or is associated with the System, except as may be permitted pursuant to the terms of any other franchise agreement between Franchisee and Penn Station which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. Franchisee will make all modifications or alterations to the Franchised Business and the Franchised Premises as may be necessary or which are requested by Penn Station to prevent the operation of any business on the Franchised Premises which might be deemed substantially similar to, or confusingly similar with that of, any Penn Station Restaurant, Penn Station or any other franchisee of Penn Station, including the removal of all signs, trade dress and any other articles prepared or owned by Franchisee which display the Marks, Copyrighted Materials or are associated with the System. Franchisee will cease utilizing any Copyrighted Materials, trade dress, designation of origin, description or representation which suggests or represents an association or connection with Penn Station except as may be permitted pursuant to the terms of any other franchise agreement between Franchisee and Penn Station which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. If Franchisee fails or refuses to comply with the requirements of this Section 14, then Penn Station will have the right to enter the Franchised Premises for the purpose of making all required changes to prevent any impression that a Penn Station Restaurant is still operating at the Franchised Premises or that there is any continuing association or connection with Penn Station at the Franchised Premises. Any action so taken by Penn Station will be at the sole expense of Franchisee (including reasonable attorneys' fees incurred by Penn Station

subsequent to the termination of this Agreement in obtaining injunctive relief, damages or other relief for the enforcement of any provision of this Section 14). Franchisee will not assert against Penn Station or its agents any action of trespass or other similar tort for the action described in this Section 14.4. Franchisee will change his telephone numbers and listings with instructions to the telephone company or the listing agency to transfer all calls intended for the Franchised Business or formerly under Franchisee's listings for the Franchised Business to a franchisee designated by Penn Station. Franchisee will furnish to Penn Station evidence satisfactory to Penn Station of Franchisee's compliance with its obligations under this Section 14.4 within 15 days after the termination of this Agreement;

14.5 Records. Franchisee will deliver to Penn Station the Confidential Operating Manual and all other manuals, all records, files, instructions and any and all other materials in Franchisee's or any Owner's or employee's possession, custody or control which bear any of the Marks (or any other mark owned by Penn Station), Copyrighted Materials, or which contain Confidential Information and all copies (all of which are acknowledged to be Penn Station's property), whether or not those records, files, instructions and other materials are in written or electronic form. Franchisee will not retain any copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other document created by Franchisee which Franchisee reasonably needs for compliance with any applicable law;

14.6 Name. Franchisee will take all actions as are necessary to cancel any assumed name or equivalent registration which contains the phrase "Penn Station, East Coast Subs", "Penn Station Restaurants", "Penn Station, Cheesesteaks, Subs & Fries", "Penn Station Steak & Sub" or any of the other Marks of Penn Station unless Franchisee and Penn Station are parties to another franchise agreement which, at the time of the termination of this Agreement, is in full force and effect with respect to other Owned Units. Franchisee will furnish to Penn Station evidence satisfactory to Penn Station of compliance with this Section 14.6 within 15 days after the termination of this Agreement;

14.7 Non-Compete; Other Obligations. Franchisee will comply with the covenants contained in Section 15 and with all other obligations on expiration or termination that are stated elsewhere in this Agreement or in any other agreement between Penn Station and Franchisee;

14.8 Purchase.

14.8.1 Purchase Option. Penn Station will have the right, but not the obligation, to purchase for cash any and all Restaurant Improvements, inventory, supplies and other goods, signs, advertising materials, and all items bearing Penn Station's Marks or Copyrighted Materials located at the Franchised Premises or pertaining to the Franchised Business (collectively, the "Purchased Items"), at Franchisee's cost or fair market value, whichever is less as to any item. Penn Station must exercise this right by giving notice to Franchisee not later than 30 days after this Agreement has terminated or expired unless Franchisee has exercised its Retention Rights described below in which case that 30 day period will begin on the date that Franchisee exercises its Retention Rights. Franchisee will not have any interest in the goodwill of the Franchised Business and will receive no payment whatsoever for any goodwill that Franchisee may claim to have established either before or during the operation of the Franchised Business. If Penn Station and Franchisee cannot agree on the fair market value of a particular item or items of the Purchased Items within 30 days after this Agreement has terminated or expired and Penn Station has exercised its option to purchase as provided in this Section 14.8.1, then Penn Station and Franchisee will each appoint one appraiser within 7 days after this Agreement has terminated. Both appraisers will then have 14 days to agree on the fair market value of the disputed items. If, after 14 days, the two appointed appraisers are unable to agree on the fair market value of the disputed items or any particular disputed item, then the two appraisers will appoint a third appraiser who will complete his appraisal in 14 days. The decisions of the two appraisers who are closest in value among the three appraisers will be averaged. The average value established will be binding and conclusive on Penn Station and Franchisee. Penn Station and

Franchisee will each bear the cost of the appraiser appointed by each of them and one-half of the cost of any third appraiser. On exercising this purchase option, Penn Station will have the right to set-off all amounts due from Franchisee under this Agreement and any other agreement between Penn Station and Franchisee against any payment to be made by Penn Station for the Purchased Items. Penn Station has no obligation, however, to exercise its purchase option. Notwithstanding anything to the contrary in this Section 14.8.1, Penn Station will not have the right to exercise its purchase option if (i) at the time of the termination of this Agreement, any other franchise agreement between Franchisee and Penn Station is in full force and effect with respect to other Owned Units and there exists no default under any of those other franchise agreements, (ii) Franchisee has complied in full with all of its obligations on the termination of this Agreement, and (iii) Franchisee gives notice to Penn Station no later than 10 days after this Agreement has terminated or expired that Franchisee will use and remove the Purchased Items in its other Owned Units ("Retention Rights"). Penn Station will have the right to exercise its purchase option as to any Purchased Items which Franchisee has elected not to use in its other Owned Units pursuant to the exercise of its Retention Rights in accordance with this Section 14.8.1.

14.8.2 Assignment Rights. Penn Station will also have the option to obtain an assignment of either or both of (i) Franchisee's rights under the Premises Lease or (ii) Franchisee's rights under any lease for equipment, fixtures, furnishings or other items of Restaurant Improvements for the remaining terms of the leases to the extent these rights of assignment are provided to Penn Station under these leases or in any separate contract or under applicable law. Any assignment to Penn Station of these leases will be in exchange for a release of Franchisee of any future rents or lease charges under the respective leases accruing after the date on which the leases (or any of them) are assumed by Penn Station pursuant to a written agreement with the applicable lessors (so long as the lessors agree to so release Franchisee). Franchisee, however, will not be released from liability for unpaid rent and other fees and charges accrued for the period before Penn Station's assumption of the particular lease or for any other liability of Franchisee to the landlord under the Premises Lease or to the lessor(s) under the other leases. Penn Station has no obligation, however, to exercise its assignment option; and

14.9 Other Agreements. Unless terminated by Penn Station or terminated according to their terms, all other agreements between Penn Station and Franchisee will remain in full force and effect notwithstanding the termination of this Agreement under this Section 14. Franchisee will perform, observe, and comply fully with all terms and conditions of all agreements between Penn Station and Franchisee which are not terminated by Penn Station or terminated according to their terms as a result of the termination of this Agreement under this Section 14 or Section 13.

15. COVENANTS.

15.1 Devote Full Time; Other Activities During the Term of this Agreement.

15.1.1 Managing Owner. ~~A franchisee, which is a Business Entity,~~Franchisee and the Managing Owner understand and acknowledge that Penn Station has entered into this Agreement in reliance on the Managing Owner's commitment to devote his full time, energy and efforts to carrying out his duties and acting in the capacity as Managing Owner and to the management and operation of Franchisee. Accordingly, during the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, the Managing Owner: (i) will devote his full time, energy and best efforts to the management and operation of Franchisee, the Franchised Business and each other Owned Unit and to carrying out his duties and acting in the capacity as Managing Owner and (ii) may not either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise other than (a) his interests in Franchisee, (b) the ownership by the Managing Owner, as an investor,

of less than 1% of the outstanding equity securities of any publicly held corporation, and (c) with Penn Station's prior ~~approval~~consent and in its sole discretion, an Ownership Interest in another Penn Station franchisee.

15.1.2 Operations Director. A ~~franchisee, which is a Business Entity,~~Franchisee and the Operations Director, if applicable, understand and acknowledge that Penn Station has entered into this Agreement in reliance on the Operations Director's commitment to devote his full time, energy and efforts to carrying out his duties and acting in his capacity as Operations Director. Accordingly, during the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, the Operations Director, if applicable: (i) will devote his full time, energy and best efforts to the management and operation of Franchisee, the Franchised Business and each other Owned Unit and to carrying out his duties and acting in the capacity as Operations Director and (ii) may not either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise other than (a) his interests in Franchisee and (b) the ownership by the Operations Director, as an investor, of less than 1% of the outstanding equity securities of any publicly held corporation.

15.1.3 Other Owners. During the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, no Owner (exclusive of the Managing Owner and, if applicable, the Operations Director which are the subjects, respectively, of Sections 15.1.1 and 15.1.2 above) may either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise which, as determined by Penn Station, is a restaurant concept similar to that of a Penn Station Restaurant except that this Section 15.1.3 will not apply to the ownership by an Owner, as an investor, of less than 1% of the outstanding equity securities of any publicly held corporation.

~~**15.1.4 Sole Proprietor.** An individual franchisee, who is a sole proprietor, understands and acknowledges that Penn Station has entered into this Agreement in reliance on the individual franchisee's commitment to devote his full time, energy and efforts to the management and operation of the Franchised Business. Accordingly, during the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, an individual franchisee: (i) will devote his full time, energy and best efforts to the management and operation of the Franchised Business and (ii) may not either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise other than (a) his interests in the Franchised Business and (b) his ownership of less than 1% of the outstanding equity securities of any publicly held corporation.~~

15.2 Prohibited Activities During Term of Agreements. During the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, none of Franchisee or any Officer, director (or manager), or Owner (including the Managing Owner) or the Operations Director, if applicable, will, either directly or indirectly, for itself, themselves, or himself, or through, on behalf of, or in conjunction with, any Person:

15.2.1 Divert Customers. Divert or attempt to divert any business or customer of any Owned Unit to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Copyrighted Materials or the System; or

15.2.2 Non-disclosure. Communicate, divulge or use, subject to Section 7.5, to its, their, or his benefit or the benefit of any Person, any Confidential Information which may be communicated to Franchisee (or any Person on its behalf) or of which Franchisee (or any Person on its behalf) may be apprised by virtue of Franchisee's operation of a Penn Station Restaurant under the terms of this Agreement or any other agreement between Franchisee and Penn Station.

15.3 Other Franchisee Businesses. During the term of this Agreement and each other franchise agreement between Penn Station and Franchisee, ~~a franchisee which is a Business Entity~~Franchisee will not either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, engage in, consult with, or have any interest (whether as an owner, shareholder, partner, member, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or activities except related to the ownership and operation of the Franchised Business and each other Owned Unit and the carrying out of the terms of this Agreement and each other agreement between Franchisee and Penn Station.

15.4 On Termination. Each of Franchisee and each Officer, director (or manager), Owner (including the Managing Owner and the Designated Owner) and the Operations Director, if applicable, specifically acknowledges that by virtue of the rights granted to Franchisee, Franchisee (including the Managing Owner, the Designated Owner and the Operations Director) will receive valuable training, certain trade secrets and other Confidential Information. Accordingly:

15.4.1 Non-Compete. For a period of 2 years ~~from~~after the date this Agreement expired or was terminated or from the date of any applicable Transfer permitted by Section 12, none of Franchisee or any Officer, director (or manager), Owner (including the Managing Owner and the Designated Owner) or the Operations Director, if applicable, will either directly or indirectly, for itself, themselves, or himself, or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise which offers for sale Philadelphia-style cheesesteak sandwiches or submarine sandwiches, or both (in any combination), within (i) a radius of 5 miles from the Franchised Premises of the Franchised Business or from the franchised premises of any other Owned Unit or (ii) a radius of 5 miles from the location of any other Penn Station Restaurant in existence at the time of the termination of this Agreement or any applicable Transfer permitted by Section 12. Nothing in this Section 15.4.1 will prevent Franchisee from owning another Penn Station franchise under a separate franchise agreement with Penn Station which is in full force and effect at the time this Agreement expires or is terminated or the date the Transfer of the Franchise (including an assignment of this Agreement) occurs;

15.4.2 Non-disclosure. None of Franchisee or any Officer, director (or manager), Owner (including the Managing Owner and the Designated Owner) or the Operations Director, if applicable, will, after the termination of this Agreement, regardless of the cause of termination of this Agreement (including any expiration of this Agreement) or any applicable Transfer permitted by Section 12, either directly or indirectly, for itself, themselves, or himself, or through, on behalf of, or in conjunction with, any Person, communicate, divulge or use for its, their, or his benefit or the benefit of any Person any Confidential Information which may be communicated to Franchisee (or any Person on its behalf) or of which Franchisee (or any Person on its behalf) may be apprised by virtue of Franchisee's operation of a Penn Station Restaurant under the terms of this Agreement or any other agreement between Franchisee and Penn Station; and

15.4.3 Continuing Obligations. The provisions of Sections 15.4.1 and 15.4.2 will apply to (i) any Owner who ceases, for any reason, to be an Owner from the date the person ceases to be an Owner of

Franchisee (including from the date of any Transfer with respect to that Owner) and (ii) any Operations Director who ceases, for any reason, to be an Operations Director from the date the person ceases to be an Operations Director of Franchisee (including from the date of any Transfer with respect to that Operations Director).

15.5 Independent Agreement. Each of the subsections in this Section 15 will be construed as independent of any other provisions of this Agreement or of any other agreement between Penn Station and Franchisee. If all or a portion of a provision contained in this Section 15 is held unreasonable or unenforceable by a court or governmental agency having valid jurisdiction in an order that becomes final and unappealed to which Penn Station is a party, each of Franchisee and each Officer, director (or manager), Owner (including the Managing Owner) and the Operations Director, if applicable, expressly agrees to be bound by any lesser covenant subsumed within the terms of the invalidated provision to the maximum extent permitted by law as if the resulting covenant were originally and separately stated in, and made a part of, this Section 15.

15.6 Survival. Each of the obligations of Franchisee and each Officer, director (or manager), Owner ~~of a franchisee Business Entity~~ (including the Managing Owner and the Designated Owner), and the Operations Director, if applicable, under this Section 15 will survive (i) the termination of this Agreement (and each other agreement between Penn Station and Franchisee), regardless of the cause of termination or (ii) any Transfer pursuant to Section 12.

16. PERMITS AND LAWSUITS.

16.1 Compliance. Franchisee will keep in full force throughout the term of this Agreement any and all permits, leases, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including any building and other required construction and zoning permits, occupancy permits, health permits, vendors permits, licenses to do business, fictitious name registrations, sales tax permits, sanitation permits and ratings, and fire clearances.

16.2 Notify Penn Station of Lawsuits. Franchisee will notify Penn Station in writing within 7 days after Franchisee learns of any action, suit or proceeding which has been commenced against Franchisee and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental authority that may adversely affect the operation or financial condition of the Franchised Business or Franchisee.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

17.1 Independent Business. It is acknowledged and agreed by Penn Station and Franchisee that (i) neither this Agreement nor any other agreement between Penn Station and Franchisee creates a fiduciary relationship between Penn Station and Franchisee, (ii) Franchisee is an independent contractor, and (iii) nothing in this Agreement nor in any other agreement between Penn Station and Franchisee is intended to constitute either party as agent, legal representative, subsidiary, joint venturer, partner, owner, employee or servant of the other for any purpose whatsoever. Franchisee has the right to profit from its efforts commensurate with its status as an owner of its business and, correspondingly, will bear the risk of loss or failure that is characteristic of this status, notwithstanding the franchise relationship with Penn Station created by this Agreement.

17.2 Franchisee Representation. During the term of this Agreement, Franchisee will hold itself out to the public and in contracts made for the purchase of goods and services as an independent contractor, operating the Franchised Business pursuant to a franchise from Penn Station. Franchisee will take all actions as may be necessary to inform others of its independent franchisee status, including exhibiting a notice of its independent franchisee status in a conspicuous place on the Franchised Premises, the content of which Penn Station reserves the right to specify.

17.3 **Authority**. It is acknowledged and agreed by Penn Station and Franchisee that nothing in this Agreement nor in any other agreement between Penn Station and Franchisee authorizes Franchisee to make any contract, agreement, warranty, or representation on Penn Station's behalf or to incur any debt or other obligation in Penn Station's name. Penn Station will in no event assume the liability for, or be deemed liable under this Agreement or under any other agreement between Penn Station and Franchisee as a result of, any action by, or by reason of any omission of, Franchisee in the conduct of the Franchised Business, or any claim or judgment against Franchisee arising from any act or omission of Franchisee or any of its Owners, employees, agents or contractors.

17.4 **Indemnification**.

17.4.1 **Penn Station**. Penn Station will undertake the defense of Franchisee and its Owners, Officers, directors and employees in any action, suit, proceeding, claim, demand, investigation or inquiry (whether or not a formal proceeding or action has been instituted) for infringement or alleged infringement of any trademark, service mark or other protected proprietary mark brought by a third Person against Franchisee or any of its Owners, Officers, directors, or employees which is based solely on Franchisee's use of the Marks so long as Franchisee has used the Marks in accordance with the terms of this Agreement (a "Franchisee Claim").

17.4.2 **Franchisee**. Franchisee will indemnify and hold Penn Station and its officers, directors, shareholders, employees, and agents harmless against all Losses and Expenses (as defined in Section 17.4.5 below) incurred by Penn Station or its officers, directors, shareholders, employees, or agents (or any one or more of them), arising out of any action, suit, proceeding, claim, demand, investigation or inquiry or any settlement of any of the foregoing (whether or not a formal proceeding or action has been instituted) (a "Penn Station Claim") brought or made: (i) by Penn Station which arises out of, or is in connection with, Franchisee's infringement or alleged infringement of any trademark, service mark, trade dress, copyright or other protected proprietary right of Penn Station or (ii) against Penn Station or any of its officers, directors, shareholders, employees, or agents which arises out of, or is in connection with, in any manner, directly or indirectly, (a) Franchisee's acquisition, construction, ownership, operation, or management of the Franchised Business or any of the other Owned Units, (b) any action, suit, proceeding, claim, demand, investigation or inquiry by any of Franchisee's employees or former employees, customers or former customers, vendors or former vendors, or Owners or former Owners, or (c) the use or occupancy of the Franchised Premises except to the extent a Penn Station Claim is based solely on the gross negligence or willful misconduct of Penn Station or any of its officers, directors, employees, or agents.

17.4.3 **Control by Penn Station**. Notwithstanding anything to the contrary in this Section 17.4, if a Penn Station Claim (i) involves any or all of the Marks, the Copyrighted Materials, the System, the Confidential Operating Manual, or any or all other trade secrets or Confidential Information owned by Penn Station in connection with any Penn Station Restaurant, or (ii) could, in Penn Station's sole discretion, adversely affect the goodwill, image or the future success or franchising of Penn Station Restaurants, the Penn Station Claim may be defended under the sole control and direction of Penn Station and Penn Station's counsel, regardless of whether Franchisee is the indemnitor of the Penn Station Claim, and, if Franchisee is the indemnitor of the Penn Station Claim, Penn Station's defense of this Penn Station Claim will be at the cost and expense of Franchisee.

17.4.4 **No Mitigation**. Under no circumstances will (i) Franchisee settle any Penn Station Claim without Penn Station's consent or (ii) the Person who has the right to be indemnified be required or obligated to seek recovery from third parties or otherwise mitigate its losses to maintain a claim for indemnification against the indemnitor.

17.4.5 "**Losses and Expenses**". As used in this Section 17.4, "Losses and Expenses" will include all liabilities, obligations, and losses, all compensatory damages, and, to the extent permitted by law,

punitive damages and all other damages, and all fines, charges, penalties, costs, expenses, reasonable attorneys' and paralegal fees, court costs, settlement amounts, judgments, and expert witness fees.

17.4.6 Survival. The obligations to indemnify as provided in this Section 17.4 will survive the expiration or termination of this Agreement for whatever cause.

17.5 Employer. Franchisee acknowledges that it is the employer of all Persons Franchisee may hire, from time to time, to assist in the operations of the Franchised Business. No provision of this Agreement intends to create a joint employer relationship between Penn Station and Franchisee with respect to Franchisee's employees, and nothing in this Agreement will be so interpreted. Accordingly, except as specifically provided in this Agreement regarding the Managing Owner, the Operations Director, and the General Manager and in Section 5.1.7(iv) with respect to the wearing of uniforms and personal appearances, Franchisee shall determine all of the terms and conditions of employment for its individual employees, including the exclusive right, without the need for approval or consent by Penn Station, of the wages, benefits, hours, and other conditions of employment. Moreover, except as to the Training Program for the Managing Owner, the Operations Director, and the General Manager, Franchisee and its Managing Owner, Operations Director, and General Manager, if any, will have the sole and unfettered right and responsibility to evaluate, supervise, direct, monitor, train, schedule, counsel, discipline, or terminate all of Franchisee's individual employees. Franchisee is also solely responsible for resolving any and all complaints from its employees about their working conditions. No provision of this Agreement or in the Confidential Operating Manual or the Training Manuals constitutes, or may be construed to be, any intent on Penn Station's part to dictate or otherwise control the day-to-day conduct, performance, discipline, or termination of Franchisee's individual employees.

18. ~~APPROVALS~~CONSENTS AND WAIVERS.

18.1 Timely Request. Whenever this Agreement requires the approval or consent of Penn Station, Franchisee will submit timely written requests to Penn Station before any proposed action is taken or omitted. All approvals or consents of Penn Station must be in writing to be effective; however, Penn Station will have no obligation to provide any approval or consent requested by Franchisee, and Penn Station may, for any reason in its discretion exercised in good faith, elect to withhold the requested approval or consent except in the instance where Penn Station has expressly agreed under the terms of this Agreement to provide the requested approval or consent after the applicable conditions and terms have been fulfilled in accordance with the terms of this Agreement.

18.2 No Assumption of Liability For Approvals or Consents. Penn Station assumes no liability or obligation to Franchisee by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for any waiver, approval, consent or suggestion.

18.3 No Waiver. If Penn Station does not exercise any power it has under this Agreement or does not insist on strict compliance by Franchisee with any obligation or condition under this Agreement, it will not be a waiver of Penn Station's right to demand exact compliance with any of the terms or provisions of this Agreement, and no custom or practice of the parties may vary or waive the terms or provisions of this Agreement. Waiver by Penn Station of any particular Default by Franchisee will not affect or impair Penn Station's rights with respect to any subsequent Default of the same, similar or different nature. Any delay, forbearance or omission of Penn Station with respect to a particular Default will not be a waiver by Penn Station of any right under this Agreement or of the right to declare any subsequent Default and to terminate this Agreement before it expires. Acceptance by Penn Station of any payments due it under this Agreement will not be deemed to be a waiver by Penn Station of any existing Default. Any waiver granted by Penn Station will be subject to Penn Station's continuing review and may subsequently be revoked for any reason effective on 30 days advance

written notice to Franchisee and will be without prejudice to any other rights and remedies that Penn Station may have. Notwithstanding anything to the contrary in the immediately preceding sentence, any revocation by Penn Station will be effective only for events, circumstances, conditions and acts occurring, existing or applicable ("Future Actions") after the end of the 30 day period referred to in this Section 18.3. Any action or acts which are continuing as of the date Penn Station gives notice of its revocation of a waiver will be treated as being as Future Actions for purposes of this Section 18.3.

19. NOTICES. Except as provided below as to electronic communication, any notice or notification required, permitted or contemplated under this Agreement must be in writing and sent (i) in person, (ii) by certified or registered mail, (iii) by overnight delivery carrier for next day delivery, or (iv) by telecopier (fax), in each case to the address listed below (or if notice of a new address is given, the new address). Notice given in any other manner will not be considered delivered or given. Any period described in this Agreement which begins with the giving of notice will start (a) if mailed, two business days after notice was sent by certified or registered mail, (b) the next business day after sent by overnight delivery carrier (with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment of such fees), and (c) the day the notice was delivered in person or was sent by fax:

Penn Station:
Penn Station, Inc.
1226 US Highway 50
Milford, Ohio 45150
Attn: Jeffrey J. Osterfeld, CEO
Telecopier: (513) 474-7116

Franchisee:
_____
_____
_____
_____
Telecopier: (___)

For purposes of this Agreement, notice to Franchisee given in any manner provided above will constitute notice in compliance with this Agreement even if the notice is undelivered or undeliverable because Franchisee has vacated the premises to which notice was given or if Franchisee refuses to accept delivery of the notice. Electronic mail and internet websites may be used for routine communications in the ordinary course of business unless Penn Station expressly notifies Franchisee to the contrary. Penn Station makes no assurances as to the privacy and security of electronic communications.

20. CONSTRUCTION.

20.1 General; Definitions.

20.1.1 General. All references in this Agreement in the singular will be construed to include the plural unless the context clearly indicates the contrary. "Hereunder," "herein," "hereto," "this Agreement" and words of similar import refer to this entire document; "includes" and "including" are used by way of illustration and not by way of limitation. All captions in this Agreement are intended solely for the convenience of the parties and will not affect the meaning or construction of any provision. A reference to any section means, unless the context otherwise requires, a section of this Agreement. This Agreement may be signed in multiple copies, and each copy so signed by all parties thereto will be deemed an original. Anything to the contrary in this Agreement notwithstanding, nothing in this Agreement is intended to confer (and it may not be treated as conferring) any rights or remedies under or by reason of this Agreement on any Person other than Penn Station or Franchisee. The right of Penn Station to act, consent, waive or not based on the exercise of its "judgment" or "discretion", "at its option" or "to its satisfaction" (or words of similar import), as stated in this Agreement, will be made by Penn Station in its sole judgment or discretion, whether the words "sole" or "solely" appear in

juxtaposition to the words "judgment" or "discretion", "at its option" or "to its satisfaction" (or words of similar import) in this Agreement. Whenever the sense of this Agreement so requires, the masculine or feminine gender will be substituted for, or be deemed to include, the neuter, the feminine gender will be substituted for the masculine, or the masculine will be deemed to include the feminine, and the neuter gender will be substituted for, or be deemed to include, the masculine or, as applicable, feminine gender.

20.1.2 Definitions. The capitalized word "Person" means any natural person, partnership, joint venture or other association, limited liability company, trust, corporation or any other entity, governmental authority, or anything recognized under applicable law to be a separate legal entity. The uncapitalized word "term", when used in reference to the term of any agreement (including the term of this Agreement), means the initial term and any renewal term of the applicable agreement unless the context clearly indicates the contrary by, for example, expressly referring to an "initial term" or a "renewal term" in the sentence or phrase. The uncapitalized word "termination" or "terminated", when used in reference to the termination of any agreement (including this Agreement), includes the expiration of the applicable agreement unless the context clearly indicates the contrary. A term has its defined meaning in this Agreement whether the term is underscored as it originally appears in the definition. All references in this Agreement to any agreement, instrument, or document will be treated as being references to the particular agreement, instrument or document as the agreement, instrument or document may, from time to time, be modified, amended, renewed, restated, consolidated, extended, or replaced.

20.2 Survival. The representations, warranties, indemnifications and covenants of Franchisee in this Agreement, in any certificate, document or information furnished to Penn Station, or in any other agreement between Penn Station and Franchisee will survive the making of this Agreement and the beginning of operations of the Franchised Business, notwithstanding any investigation, knowledge or information made or obtained by Penn Station before or after the date of this Agreement.

20.3 Document Imaging; Facsimile and PDF-Provided Signature Pages; Electronic Signatures.

(i) Without notice to or consent of Franchisee or any Owner of Franchisee, Penn Station may (a) create electronic images of this Agreement, any other agreement between Penn Station and Franchisee pertaining to the Franchised Business, or any other document related thereto or arising therefrom (collectively, "Franchise Documents") and (b) destroy paper originals and/or paper copies of any and each of such imaged documents and cease maintaining a paper-based recordkeeping system in whole or in part. Such images shall have the same legal force and effect as the paper originals or paper copies and are enforceable for all purposes against Franchisee, each Owner and any and all other parties thereto or bound thereby.

(ii) If Penn Station agrees, in its sole discretion, to accept delivery in any electronic form (including deliveries by facsimile, emailed portable document format ("PDF") or any other electronic means that reproduces an image of an actual executed signature page) of an executed counterpart of a signature page to any Franchise Document or other document required to be delivered under the Franchise Documents, such delivery will be as valid and effective to bind Franchisee, each Owner and any and all other parties thereto or bound thereby, for all purposes as the delivery of an original, manually executed counterpart of such document. Penn Station may rely on any and each such electronic delivery without further inquiry. Penn Station may also require that any such documents and signatures be confirmed by a separate manually signed original thereof (delivered to Penn Station); *provided, however*, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document, PDF, or other electronically delivered signature.

(iii) If Penn Station agrees, in its sole discretion, to accept any electronic signatures (*i.e.*, an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record) of any Franchise Document or other

document required to be delivered under the Franchise Documents, the words "execution," "signed," and "signature," and words of like import, in or referring to any document so signed, will be deemed to include electronic signatures. Such electronic signatures and the keeping of records in electronic form will be of the same legal effect, admissibility, validity and enforceability as manually executed signatures and the use of paper-based recordkeeping systems, to the extent and as provided for in any applicable law, including the Uniform Electronic Transactions Act as enacted in the State of Ohio, as amended, the Federal Electronic Signatures in Global and National Commerce Act, as amended and any other applicable state laws based on, or similar in effect to, such acts or laws. Penn Station may rely on any such electronic signatures without further inquiry. Penn Station may also require that any such documents and signatures be confirmed by a separate manually signed original thereof (delivered to Penn Station) or other separate communication authorized by Penn Station; *provided, however*, that the failure to request or deliver the same shall not limit the effectiveness of any electronic signature. If Penn Station agrees, in its sole discretion, to accept electronic signatures thereof, including through the use of any electronic signature service or platform that facilitates electronic signatures or otherwise, then **THE PARTIES AGREE THAT THIS AGREEMENT AND THE OTHER FRANCHISE DOCUMENTS MAY EACH BE ELECTRONICALLY SIGNED**.

(iv) Without limiting the foregoing provisions of this Section 20.3, Franchisee and each Owner of Franchisee waives (a) any argument, defense or right to contest the legal effect, admissibility, validity or enforceability of this Agreement or any other Franchise Document based solely on the lack of paper originals or paper copies of this Agreement or any other Franchise Document, respectively, including with respect to any signature pages thereto and (b) any claim against any of Penn Station or any of its officers, directors, shareholders, employees or affiliates (or their respective successors and assigns) for any losses, claims, damages, penalties, incremental taxes, liabilities and related expenses arising solely from Penn Station's reliance on or use of electronic records, electronic signatures and/or transmissions by facsimile, emailed PDF or any other electronic means that reproduces an image of an actual executed signature page, including any losses, claims, damages, penalties, incremental taxes, liabilities and related expenses arising as a result of the failure of Franchisee or any Owner of Franchisee to use any available security procedures and measures in connection with the execution, delivery or transmission of any electronic signature.

20.4 Counterparts. This Agreement may be executed in any number of one or more counterparts, each of which shall be effective only upon the delivery by the party delivering such counterpart, and thereafter so executed and delivered shall be deemed an original, and all of which shall be taken to be together and shall constitute but one and the same agreement once executed and delivered by all parties, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

21. ENTIRE AGREEMENT.

21.1 No Other Agreement. The Confidential Operating Manual and this Agreement (and the exhibits referred to in this Agreement) (i) supersede any and all prior and existing understandings, negotiations and agreements, either oral or in writing between Penn Station and Franchisee, which occurred or existed before or on the date of this Agreement, with respect to the subject matter of this Agreement and (ii) contain all of the covenants, warranties and, together with the Disclosure Document to the extent of any express representations made by Penn Station in the Disclosure Document, representations of, and agreements between, Penn Station and Franchisee with respect to the subject matter of this Agreement, and are the full and complete agreement of Penn Station and Franchisee. The Disclosure Document given to Franchisee for the Franchised Business that is the subject of this Agreement, however, does not constitute an agreement between Franchisee and Penn Station, and this Agreement will govern in the case of any conflict between the Disclosure Document, on the one hand and the

Confidential Operating Manual or this Agreement on the other. Nothing in this Agreement is intended to disclaim the express representations made by Penn Station in the Disclosure Document that was provided to Franchisee in connection with this Agreement. Notwithstanding anything to the contrary in this Section 21, this Agreement will not merge, or be construed to merge, into or with any other franchise agreement between Franchisee and Penn Station with respect to any of the other Owned Units except that the terms of the most recent version of the franchise agreement between Franchisee and Penn Station for any Penn Station franchise (whether from opening a new Restaurant or based on the renewal of an existing Penn Station franchise) will govern this Agreement in the case of any conflict or inconsistency between the terms of this Agreement and the terms of the most recent franchise agreement between Penn Station and Franchisee exclusive of, solely for purposes of the Franchised Business under this Agreement, Section 1.2 (Restricted Territory), Section 1.3 (location of the Franchised Premises), Section 2.2.6 (renewal fee), Section 3.1.2 (the monthly royalty formula), Section 9.1.1 (percentage limitation of any Local Advertising), and Section 9.4 (percentage limitation of any National Fund fee) in this Agreement, which will not change other than pursuant to the terms of this Agreement. Any amendment or modification of this Agreement is invalid unless made in writing and signed by Penn Station and Franchisee.

21.2 **No Representation**. Franchisee acknowledges that neither Penn Station nor anyone on behalf of Penn Station has made any representations, warranties, inducements, promises or agreements, orally or otherwise, respecting the subject matter of this Agreement which have been relied on by Franchisee and are not embodied in this Agreement (except as may be in the Disclosure Document given to Franchisee), and that there are no other representations which induced Franchisee to sign this Agreement.

[21.3 **Existing Agreement.** This Agreement (i) renews the Franchise for the Franchised Business, (ii) amends, supersedes and replaces in its entirety the Franchise Agreement dated [_____, 20__] between Penn Station and Franchisee (the "Existing Agreement"), and (iii) governs the present franchise relationship between Penn Station and Franchisee with respect to the Franchised Business. Royalty fees and other fees and other amounts (a) paid under the Existing Agreement prior to [_____, 20__] will remain paid and are non-refundable and (b) accrued and unpaid under the Existing Agreement remain accrued and unpaid, and will be paid, under this Agreement. Notwithstanding anything to the contrary in this Agreement, the initial term of the Franchise began as of [_____, 20__] and ended as of [_____, 20__]. The [first][second][third] renewal term began as of [_____, 20__] and ended as of [_____, 20__]. This Agreement pertains to the [first][second][third] renewal term of the Franchise. Subject to the terms of this Agreement, there [are] [is] [one][two][no] renewal term[s] remaining, after the expiration of this current renewal term, in respect of the Franchise granted to Franchisee for the Franchised Business.][4]

22. COSTS OF ENFORCEMENT.

22.1 **Penn Station Prevailing Party**. Franchisee will pay to Penn Station the reasonable attorneys' fees of Penn Station if Penn Station is the prevailing party in any suit for damages (or an injunction) brought by Penn Station against Franchisee (or any Owner, Officer, or employee of Franchisee) for a material breach (or a threatened material breach) by Franchisee (or any Owner, Officer, or employee of Franchisee) of this Agreement.

22.2 **Franchisee Prevailing Party**. Penn Station will pay to Franchisee the reasonable attorneys' fees of Franchisee if Franchisee is the prevailing party in any suit for damages (or an injunction) brought by Franchisee against Penn Station for a material breach (or a threatened material breach) by Penn Station of this Agreement.

23. SEVERABILITY.

[4] For renewal agreements only.

23.1 **Severability**. Except as expressly provided to the contrary in this Agreement, each section, part, term and provision of this Agreement is severable from each other section, part, term and provision; and if, for any reason, any section, part, term or provision of this Agreement is determined by a court or governmental agency, having valid jurisdiction in a decision which becomes final and unappealed to which Penn Station is a party, to be invalid and contrary to, or in conflict with, any applicable law or regulation, the determination that the section, part, term, or provision is invalid will not impair the operation of, or have any other effect on, the other portions, sections, parts, terms and provisions of this Agreement as may remain otherwise enforceable, and all of the remaining sections, parts, terms, and provisions of this Agreement will continue to be given full force and effect and be binding. Any sections, parts, terms or provisions so determined to be invalid and contrary to, or in conflict with, any applicable law or regulation will be severed from this Agreement without any further action of Penn Station or Franchisee to amend this Agreement.

23.2 **Still Bound**. Each of Franchisee and each Officer, director (or manager), and Owner (including the Managing Owner) and the Operations Director expressly agrees to be bound by any promise or agreement imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately stated in, and made a part of, this Agreement that may result from (i) the striking of any of the provisions of this Agreement (or any portion or portions of a provision) that a court may find invalid in a decision which becomes final and unappealed to which Penn Station is a party or (ii) reducing the scope of any promise or covenant to the extent required to comply with the court order.

24. APPLICABLE LAW.

24.1 **Ohio Law**. Ohio law (except for Ohio (or any other State) choice of law or conflicts of law principles) shall govern and apply to all matters arising under or relating to this Agreement, including the interpretation and construction of this Agreement and the offer or sale of the Franchise, except to the extent this Agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*). This Agreement takes effect when it is signed by Penn Station in Ohio.

24.2 **Cumulative Rights**. No right or remedy conferred on, or reserved to, Penn Station or Franchisee by this Agreement is intended to be, and will not be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted (except to the extent of the provisions of Sections 24.4 and 24.5), but each right and remedy will be cumulative of every other right or remedy.

24.3 **Equity**. Nothing in this Agreement will bar Penn Station from obtaining injunctive relief against threatened conduct that will cause it loss or damages under principles of equity or law, including obtaining restraining orders and preliminary injunctions.

24.4 **Forum Selection**. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR PENN STATION TO ENTER INTO THIS AGREEMENT, FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION EACH AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, ITS VALIDITY OR PERFORMANCE, AND THE OFFER OR SALE OF THE FRANCHISE WILL BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR SUCCESSORS AND ASSIGNS IN ANY COURT SITUATED AT CINCINNATI, OHIO. PENN STATION, FRANCHISEE, AND EACH OWNER OF FRANCHISEE EACH CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT CINCINNATI, OHIO HAVING JURISDICTION OVER THE SUBJECT MATTER AND CONSENTS THAT ALL SERVICE OF PROCESS BE MADE BY CERTIFIED MAIL DIRECTED TO (I) FRANCHISEE AND PENN STATION AT THEIR RESPECTIVE ADDRESSES SET FORTH IN SECTION 19 ABOVE, (II) AN OWNER OF FRANCHISEE AT HIS OR HER ADDRESS LAST KNOWN TO PENN STATION, OR (III) AS OTHERWISE PROVIDED UNDER THE LAWS OF THE STATE OF OHIO. FRANCHISEE AND EACH OWNER OF

FRANCHISEE WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS*, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER, AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT.

24.5 Jury Trial Waiver. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR PENN STATION TO ENTER INTO THIS AGREEMENT AND SELL A FRANCHISE TO FRANCHISEE, FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN OR AMONG FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION AND THE CONDUCT OF THE RELATIONSHIP BETWEEN OR AMONG PENN STATION, FRANCHISEE AND EACH OWNER OF FRANCHISEE.

25. ACKNOWLEDGMENTS.

25.1 Independent Investigation. FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES RISKS AND THAT THE SUCCESS OF THE FRANCHISED BUSINESS WILL BE LARGELY DEPENDENT ON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER. PENN STATION EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, ON WHICH FRANCHISEE HAS RELIED, AS TO THE POTENTIAL VOLUME, COSTS, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

25.2 Received Advice. FRANCHISEE ACKNOWLEDGES THAT IT HAS RECEIVED, READ AND UNDERSTANDS THIS AGREEMENT AND ANY ATTACHMENTS AND THAT PENN STATION HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF ITS OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS IN ENTERING INTO THIS AGREEMENT.

25.3 Other Franchises. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF PENN STATION HAVE BEEN AND LIKELY WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS, AND FRANCHISEE FURTHER ACKNOWLEDGES THAT THE PROVISIONS OF THESE OTHER FRANCHISES MAY VARY SUBSTANTIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATIONS UNDER THIS AGREEMENT MAY DIFFER SUBSTANTIALLY FROM THOSE OF OTHER FRANCHISEES OF PENN STATION.

25.4 Received Agreements. FRANCHISEE ACKNOWLEDGES THAT IT HAS RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION, AT LEAST 14 CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR ANY PAYMENT WAS MADE TO PENN STATION.

{Signature Page(s) Follow}

IN WITNESS WHEREOF, the parties have signed this Agreement on the date written above. This Agreement shall become effective when it is signed by Penn Station.

ATTEST:

FRANCHISOR:
Penn Station, Inc.

~~Secretary~~

~~By:~~

~~Its:~~

By:
Its:

ATTEST:

FRANCHISEE:

~~Owner (if Business Entity):~~

By:
~~(Signature of individual franchisee or Owner of Business Entity)~~
Its:
Date:

Each of the undersigned is an Owner of Franchisee. Each has read this Franchise Agreement, and each agrees to be bound by, and acknowledges his or her obligations, liabilities, and duties under, the terms and provisions of Sections 5.1.5, ~~5.5,~~5.4, 12.9 and 15. Each Owner also agrees to be bound by Sections 20.3, 24.4 and 24.5.[5] Each Owner agrees that this Franchise Agreement may be executed in any number of one or more counterparts, each of which shall be effective only upon delivery by the party delivering such counterpart, and thereafter so executed and delivered shall be deemed an original, and all of which shall be taken to be together and shall constitute but one and the same agreement once executed and delivered by all parties, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Franchise Agreement may be detached from any counterpart of this Franchise Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Franchise Agreement identical in form hereto but having attached to it one or more additional signature pages.

WITNESSES:

[5]. For franchises which are located in the State of Illinois, this last sentence below the signature blocks will be modified to read: "Each Owner also agrees to be bound by Section 24.5." For franchises which are located in the State of Indiana, the following sentence shall be deleted in its entirety "Each Owner also agrees to be bound by Sections 24.4 and 24.5." For franchises which are located in the State of Michigan, this last sentence below the signature blocks will be modified to read: "Each Owner also agrees to be bound by Section 24.4."

FA.SU
REV. ~~04/18/19~~March 26, 2021

EXHIBIT A
TO
UNIT FRANCHISE AGREEMENT

OWNERS

Franchisee's form of Business Entity	
Franchisee's Officers	
Franchisee's Owners (ownership percentage following name)	
Managing Owner	
Operations Director (if applicable on the date of this Agreement)	
Designated Owner	
Owner(s) having Control	

EXHIBIT B
TO
UNIT FRANCHISE AGREEMENT

REGISTERED MARKS

Service Mark	Registration Nos.
PENN STATION EAST COAST SUBS®	2,037,288 and 2,689,989
	5,673,128
	4,976,560

EXHIBIT C
TO
UNIT FRANCHISE AGREEMENT

GUARANTY

_____ ("Guarantor") agrees for the benefit of Penn Station, Inc., an Ohio corporation ("Penn Station"), as follows:

1. GUARANTY.

(a) Guarantor acknowledges receipt of a copy of the foregoing Franchise Agreement between Penn Station and _____ ("Franchisee") dated as of _____, 20__ (as amended from time to time, the "Franchise Agreement"), and

(b) Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Penn Station the full and prompt payment when due of all amounts due or to become due under the Franchise Agreement and the performance of all obligations, duties, and liabilities under the Franchise Agreement, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing of, or owed by, Franchisee to Penn Station as described in, evidenced by, or arising out of the Franchise Agreement (the indebtedness, obligations, and liabilities described in this subparagraph (b) of Section 1 being collectively, the "Guaranteed Obligations"). Guarantor agrees that if Franchisee breaches any promise or obligation under the Franchise Agreement, Guarantor will perform that promise or obligation as if Guarantor were personally and fully liable on the Franchise Agreement.

2. NATURE OF GUARANTY. This is a payment guaranty and not a collection guaranty. Guarantor's obligations under this Guaranty are continuing and will not be released, discharged, affected, modified or impaired by any event, circumstance or condition. This Guaranty will not merge into, and will remain separate from, Guarantor's direct obligations to Penn Station under Sections 5.1.5, ~~5.5,~~5.4, 12.9 and 15 of the Franchise Agreement. Guarantor's obligations under this Guaranty will not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based on any claim Guarantor may have against Franchisee or Penn Station. Penn Station may, at any time and from time to time, without notice to, or the consent of Guarantor, and without releasing, discharging or modifying Guarantor's liabilities under this Guaranty: (a) renew, amend, modify, waive or change the terms or conditions of the Franchise Agreement, any other franchise agreement between Penn Station and Franchisee, or any other agreement between Franchisee and Penn Station, (b) grant consents or approvals to Franchisee under the Franchise Agreement, any other franchise agreement between Penn Station and Franchisee, or any other agreement between Franchisee and Penn Station, (c) release any Person (as defined in the Franchise Agreement) liable for any or all of the Guaranteed Obligations, and (d) exercise all rights and remedies under the Franchise Agreement, any other franchise agreement between Penn Station and Franchisee, and any other agreement between Franchisee and Penn Station or under applicable law.

3. DOLLAR LIMITATION.

(a) Notwithstanding anything to the contrary in Section 1 of this Guaranty but subject to subparagraph (b) below of this Section 3, Guarantor will (i) in no event be required to pay to Penn Station more than the total sum of (the total sum being the "Dollar Cap") $_____ and (ii) pay to Penn Station all costs and expenses (including reasonable attorneys' fees) incurred by Penn Station to collect the Guaranteed Obligations from Guarantor. The Dollar Cap will apply to the Guaranteed Obligations (A) under this Guaranty with respect to the Franchise Agreement and (B) under any other guaranty given to Penn Station by Guarantor on or before the date of this Guaranty in respect of any other franchise agreement between Penn Station and Franchisee. Guarantor's obligations under this Guaranty will not be affected or impaired by the existence, from time to time, of total Guaranteed Obligations in excess of the Dollar Cap; however, the total amount that Penn Station is entitled to recover from Guarantor will be limited to the amount that would fully repay the unpaid balance of the

Guaranteed Obligations under all of Guarantor's guaranties executed on or before the date of this Guaranty up to the Dollar Cap plus all costs and expenses (including reasonable attorneys' fees) incurred by Penn Station to collect those obligations from Guarantor.

(b) It is Penn Station's and Guarantor's intent that the Dollar Cap be applied to the last dollars owed to Penn Station by Franchisee. Accordingly, Guarantor will not be entitled to any credit against his, her, or its liability for the Guaranteed Obligations by reason of any amounts (i) recovered by Penn Station by reason of its enforcement after the occurrence of a Default (as defined in the Franchise Agreement) of any of Penn Station's remedies under the Franchise Agreement or any other franchise agreement between Franchisee and Penn Station (except to the extent that all of the Guaranteed Obligations are fully paid and satisfied) or (ii) paid by any other Person (as defined in the Franchise Agreement) to Penn Station in respect of the Guaranteed Obligations (except to the extent that all of the Guaranteed Obligations are fully paid and satisfied).

4. TERMINATION. The liability of Guarantor for the Guaranteed Obligations under this Guaranty will terminate when the Franchise Agreement terminates; *however*, if the Franchise Agreement terminates at a time as of when the Guaranteed Obligations have not been paid in full, the termination of the Franchise Agreement will not affect Guarantor's liability with respect to the Guaranteed Obligations under this Guaranty created or incurred before or as of the date of the termination of the Franchise Agreement for which Guarantor will remain fully liable under this Guaranty.

5. GENERAL. This Guaranty will be governed by, and construed under, the laws of the State of Ohio (without regard to Ohio conflicts of laws principles)[6]. This Guaranty represents the complete and entire understanding of the parties regarding this Guaranty and supersedes all prior and contemporaneous statements, agreements or communications, whether written or oral, with respect to this Guaranty.

6. Document Imaging; Facsimile and PDF-Provided Signature Pages; Electronic Signatures.

(a) Without notice to or consent of Guarantor, Penn Station may (i) create electronic images of this Guaranty, any other agreement between Penn Station and Guarantor pertaining to the Franchised Business, or any other document related thereto or arising therefrom (collectively, "Guarantor Documents") and (ii) destroy paper originals and/or paper copies of any and each of such imaged documents and cease maintaining a paper-based recordkeeping system in whole or in part. Such images shall have the same legal force and effect as the paper originals or paper copies and are enforceable for all purposes against Guarantor and any and all other parties thereto or bound thereby.

(b) If Penn Station agrees, in its sole discretion, to accept delivery in any electronic form (including deliveries by facsimile, emailed portable document format ("PDF") or any other electronic means that reproduces an image of an actual executed signature page) of an executed counterpart of a signature page to any Guarantor Document or other document required to be delivered under the Guarantor Documents, such delivery will be as valid and effective to bind Guarantor and any and all other parties thereto or bound thereby, for all purposes as the delivery of an original, manually executed counterpart of such document. Penn Station may rely on any and each such electronic delivery without further inquiry. Penn Station may also require that any such documents and signatures be confirmed by a separate manually signed original thereof (delivered to Penn Station); *provided, however*, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document, PDF, or other electronically delivered signature.

[6]. For franchises which are located in the State of Illinois if the Guarantor is a resident of the State of Illinois, this first sentence of Section 5 will read: "This Guaranty will be governed by, and construed under, the laws of the State of Illinois (without regard to Illinois conflicts of laws principles)." For franchises which are located in the State of Indiana, this first sentence of Section 5 will read: "This Guaranty will be governed by, and construed under, the laws of the State of Ohio (without regard to Ohio conflicts of laws principles) except to the extent governed by Indiana laws which are of mandatory application."

(c) If Penn Station agrees, in its sole discretion, to accept any electronic signatures (*i.e.*, an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by Guarantor with the intent to sign, authenticate or accept such contract or record) of any Guarantor Document or other document required to be delivered under the Guarantor Documents, the words "execution," "signed," and "signature," and words of like import, in or referring to any document so signed, will be deemed to include electronic signatures. Such electronic signatures and the keeping of records in electronic form will be of the same legal effect, admissibility, validity and enforceability as manually executed signatures and the use of paper-based recordkeeping systems, to the extent and as provided for in any applicable law, including the Uniform Electronic Transactions Act as enacted in the State of Ohio, as amended, the Federal Electronic Signatures in Global and National Commerce Act, as amended and any other applicable state laws based on, or similar in effect to, such acts or laws. Penn Station may rely on any such electronic signatures without further inquiry. Penn Station may also require that any such documents and signatures be confirmed by a separate manually signed original thereof (delivered to Penn Station) or other separate communication authorized by Penn Station; *provided, however*, that the failure to request or deliver the same shall not limit the effectiveness of any electronic signature. If Penn Station agrees, in its sole discretion, to accept electronic signatures thereof, including through the use of any electronic signature service or platform that facilitates electronic signatures or otherwise, then **THE PARTIES AGREE THAT THIS GUARANTY AND THE OTHER GUARANTOR DOCUMENTS MAY EACH BE ELECTRONICALLY SIGNED**.

(d) Without limiting the foregoing provisions of this Section 6, Guarantor waives (i) any argument, defense or right to contest the legal effect, admissibility, validity or enforceability of this Guaranty or any other Guarantor Document based solely on the lack of paper originals or paper copies of this Guaranty or any other Guarantor Document, respectively, including with respect to any signature pages thereto and (ii) any claim against any of Penn Station or any of its officers, directors, shareholders, employees or affiliates (or their respective successors and assigns) for any losses, claims, damages, penalties, incremental taxes, liabilities and related expenses arising solely from Penn Station's reliance on or use of electronic records, electronic signatures and/or transmissions by facsimile, emailed PDF or any other electronic means that reproduces an image of an actual executed signature page, including any losses, claims, damages, penalties, incremental taxes, liabilities and related expenses arising as a result of the failure of Guarantor to use any available security procedures and measures in connection with the execution, delivery or transmission of any electronic signature.

_____
Name:_____

NOTARIAL CERTIFICATE (ACKNOWLEDGMENT)

The execution of the foregoing instrument was acknowledged before me this _____ day of _____, 20___ by _____, who is personally known to me or provided satisfactory evidence of identify. This is an acknowledgment certificate; no oath was administered to the signer.

_____
Notary Public_____
Commission Expires:

EXHIBIT D
TO
UNIT FRANCHISE AGREEMENT

AGREEMENT OF OPERATIONS DIRECTOR

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS CONFIDENTIALITY AND NON-COMPETE AGREEMENT (this "Agreement") between _____("Operations Director") and PENN STATION, INC., an Ohio corporation ("Franchisor"), is as follows:

Recitals

WHEREAS, Operations Director and _____, a franchisee of Franchisor (the "Company") entered into a certain agreement dated as of _____ ____, 20__, pursuant to which Operations Director became Operations Director for the Company; and

WHEREAS, Operations Director received valuable training from Franchisor, and Franchisor, the Company, or both, made disclosure to Operations Director of certain trade secrets and other confidential information of Franchisor.

Statement of Agreement

NOW, THEREFORE, in consideration of the training received from Franchisor, the disclosure to Operations Director of certain trade secrets and other confidential information of Franchisor and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Operations Director, Operations Director hereby agrees as follows:

1. Non-Disclosure of Confidential Information; Protection of Goodwill.

(a) As a result of Operations Director's employment by the Company and training by Franchisor, he has access to and may make use of Franchisor's operating manual, business system, and other information, knowledge and know-how pertaining to a Penn Station® restaurant, including, without limitation, Franchisor's recipes, store operational methods, techniques, cost containment programs, marketing and developmental plans, strategies, and research prepared or obtained by, or for the benefit of, Franchisor, its franchisees, and/or the Company's restaurant(s), including, without limitation, the sales and financial condition of the Company, marketing data and operations (collectively, "Confidential Information"). Confidential Information, however, will not include information which Operations Director can demonstrate has become part of the public domain by proper and lawful means through publication and communication by others at the time of disclosure to Operations Director, or, after the time of disclosure to Operations Director, has become a part of the public domain by proper and lawful means through publication or communication by persons (other than the Company, any of its owners, or Operations Director) who have been authorized by Franchisor to make the publication and disclosure.

(b) Operations Director shall not, at any time during or following his employment with the Company, communicate, divulge or use to his benefit or for the benefit of any person, entity or association any Confidential Information that has been obtained by, or disclosed to, him or which Operations Director may be apprised by virtue of the Company's operation of a Penn Station® restaurant.

(c) Operations Director shall not, either directly or indirectly, for himself or through or on behalf of or in conjunction with, any person, persons, entity, entities, or association or associations, do or perform, any other act injurious or prejudicial to the goodwill associated with (i) the Penn Station® franchise or (ii) any artwork, design, trade names, service marks, trademarks and trade symbols, emblems, signs, slogans, trade dress, logos, colors, insignias or copyrights as Franchisor has adopted and designated for use in connection with the Penn Station® franchise and as Franchisor may hereafter acquire or develop and designate for use in connection with the Penn Station® franchise.

2. Diversion; Covenant Against Competition. Operations Director agrees that during Operations Director's employment with the Company and for a period of two (2) years after he ceases to be employed by the Company for any reason, he will not, either directly or indirectly, for himself or through or on behalf of or in conjunction with any person, persons, entity, entities, or association or associations:

(a) divert or attempt to divert any business or customer of any Penn Station® restaurant which is franchised by the Company to any competitor, by direct or indirect inducement or otherwise; or

(b) own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest in any business or enterprise, other than the Company's business, which offers in any combination Philadelphia-style cheesesteak sandwiches or submarine sandwiches, or both, for sale within a radius of five (5) miles around any Penn Station® restaurant, including, without limitation, Penn Station® restaurants owned by other franchisees or by Franchisor.[7]

3. Duties of Operations Director. During Operations Director's employment with the Company, the Operations Director may not either directly or indirectly, for himself or through, on behalf of, or in conjunction with, any person, persons, entity or entities, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise other than (a) his interests in the Company and (b) the ownership by the Operations Director, as an investor, of less than 1% of the outstanding equity securities of any publicly held corporation.[8]

4. Authorization. The Operations Director, without payment of any compensation, gives to Franchisor (and those acting under this authority) the right to reasonably and fairly use his name, photograph, addresses and biographical material in publications, circulars and advertisements relating to Penn Station franchises.

5. Reasonableness of Restrictions.

(a) Operations Director agrees that the restrictions set forth in Sections 1, 2, and 3, including, but not limited to, the time period of restriction and the geographical area of restriction set forth in Section 2, are fair and reasonable and are reasonably required for the protection of the interests of the Franchisor.

---

7. For franchises located in the State of Indiana, the last two lines of subsection 2(b) will read "a radius of one (1) mile around any Penn Station® restaurant owned by the Company." For franchises located in the State of North Dakota, subsection 2(b) will be amended to add immediately prior to the period contained therein"; *provided* that, the covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06".

8. For franchises located in the State of North Dakota, Section 3 will be amended to add immediately prior to the period contained therein"; *provided* that, the covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06".

(b) If any provision of Section 2 relating to the time period and/or the areas of restriction and/or related aspects shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems reasonable and enforceable, such time period and/or areas of restriction and/or related aspects deemed reasonable and enforceable by such court shall become and thereafter be the maximum restriction in such regard and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court as if the resulting covenant were originally and separately stated in, and made a part of, this Agreement.

6. Remedies. A breach of any of the agreements or restrictive covenants under any or all of Sections 1, 2, or 3 will cause irreparable harm to Franchisor and actual damages may be difficult to ascertain and, in any event, may be inadequate. Accordingly, Operations Director agrees that if he breaches the provisions of any or all of Sections 1, 2, or 3, Franchisor will be entitled to injunctive relief in addition to all other legal or equitable remedies which may be available to Franchisor. Any injunction may be against Operations Director or against Operations Director's partners, agents, representatives, servants, employers, employees, family members and/or any and all persons acting directly or indirectly by or with him, to prevent or restrain any such breach. The duration of any of the agreements or restrictive covenants in Section 2 will not include any period of time that Operations Director is in violation of them or any period of time required for litigation to enforce these restrictive covenants or this Agreement.

7. References to Gender. Whenever the sense of this Agreement so requires, the feminine gender will be deemed to be substituted for the masculine and vice versa.

8. Independent Agreement. This Agreement will be independent of any agreement between the Company and Operations Director.

I EXPRESSLY STATE THAT I HAVE READ, STUDIED, UNDERSTAND AND INTEND TO BE LEGALLY BOUND BY ALL THE TERMS AND CONDITIONS OF THIS AGREEMENT, THAT I EXPRESSLY UNDERSTAND THIS AGREEMENT CONTAINS, AMONG OTHER THINGS, CURRENT AND POST EMPLOYMENT CONFIDENTIALITY AND NON-COMPETITION OBLIGATIONS ON MY PART, AND THAT I AM FREE TO CONSULT MY OWN ATTORNEY PRIOR TO THE EXECUTION HEREOF REGARDING MY RIGHTS AND OBLIGATIONS RESPECTING THE MATTERS RAISED HEREIN.

IN WITNESS WHEREOF, this Agreement has been duly executed by Operations Director as of _____ ____, 20___.

_____
Name: _____

Accepted at Cincinnati, Ohio,
as of _____ _____, 20___.

PENN STATION, INC.

By:_____
Name:_____
Title:_____

EXHIBIT E
TO
UNIT FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

State of California

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 24.1 of the Franchise Agreement is hereby amended by adding the following new paragraph at the end thereof to provide in its entirety as follows:

> "THIS AGREEMENT REQUIRES APPLICATION OF THE LAW OF THE STATE OF OHIO (EXCEPT FOR OHIO CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES). THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."

5. Section 24.4 of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof to provide in its entirety as follows:

> "THIS AGREEMENT REQUIRES OHIO AS THE FORUM FOR PERMITTED LITIGATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."

6. The Franchise Agreement is hereby amended by adding the following new provision immediately after Section 25.4 of the Franchise Agreement to provide in its entirety as follows:

> "**26. CALIFORNIA PROVISIONS**. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning the transfer and termination or nonrenewal of a franchise. If this Agreement contains a provision that is inconsistent with the law, the law will control."

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement between Franchisee and Penn Station with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

CA ADD.SU
REV. 04/04/16

State of Indiana

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 2.2.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**2.2.5 Current Franchise Agreement**. Franchisee signs Penn Station's then current franchise agreement for single unit franchisees for the State in which the Franchised Business is located ("New Franchise Agreement") which, when signed, will supersede this Agreement for the applicable renewal term. Franchisee acknowledges and agrees that the New Franchise Agreement signed on each renewal may contain terms and conditions different than those provided for in this Agreement; however, each New Franchise Agreement will contain the same renewal fee as provided in Section 2.2.6, the same continuing monthly royalty fee formula as provided in Section 3.1.2, the same percentage limitation of any Local Advertising, Loyalty Programs, Penn Station Electronic Media Programs, In-Store Advertising, and Penn Station Promotional Campaigns pursuant to Sections 9.1.1, 9.1.2, and 9.1.3, the same percentage of the National Fund (as defined in Section 9.4) fee provided for in Section 3.1.3, the same Restricted Territory as described in Section 1.2, and the same Franchised Premises described in Section 1.3; and"

5. Section 2.2.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**2.2.7 Release**. Franchisee shall execute a general release, in a form prescribed by Penn Station, of any and all claims through the date of renewal against Penn Station and its affiliates, and their respective officers, directors, agents, and employees in their corporate and individual capacities; *provided, however*, that Franchisee will not be required to release any claim against Penn Station arising under The Indiana Disclosure Law, IC 23-2-2.5 *et seq.*, or the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7-1 *et seq*."

6. Section 5.2.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**5.2.4 Sign Franchise Agreement; Guaranty**. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it."

7. Section 9.1.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**9.1.1 Local Advertising Campaign**. On 30 days advance notice from Penn Station, Franchisee must, at its expense, begin advertising, promotion and marketing directed specifically to the Franchised Business ("Local Advertising"), including participating in any Penn Station Electronic Media Program (as defined in Section 9.2.2) and any Penn Station Loyalty Program. The "Penn Station Loyalty Program" means a customer loyalty program, as developed, implemented and changed from time to time by Penn Station. All Local Advertising must be submitted to Penn Station for its review and approval before Franchisee may undertake the specific Local Advertising proposed. Franchisee will not be required by Penn Station to make expenditures for Local Advertising during any calendar year which exceed more than 2% of Franchisee's total Net Sales for that calendar year from the Franchised Business and all other Owned Units; *provided* that Franchisee's costs incurred with respect to any Penn Station Electronic Media Program and Penn Station Loyalty Program are not counted toward the 2% limitation stated in this Section 9.1.1. Amounts spent by Franchisee for Local Advertising are in addition to the expenditures which may be required under Sections 9.1.2, 9.1.3, 9.1.4, and 9.4 below. Amounts spent, however, by Franchisee (a) under any shopping mall lease for a common advertising fund for the mall (exclusive of any merchant or tenant association dues), (b) pursuant to its membership in any advertising cooperative, as provided in Section 9.3 below, and (c) under any advertising or marketing program mandated by Penn Station with any third-party delivery service from time to time (if any), in each case, will be counted against the 2% amount described above. Franchisee will comply with the terms of the Confidential Operating Manual insofar as which Local Advertising expenditures qualify for the 2% limitation stated in this Section 9.1.1. Franchisee, however, will not be required by Penn Station to make expenditures for any Penn Station Loyalty Program, Penn Station Electronic Media Program, In-Store Advertising (as defined in Section 9.1.2), or Penn Station Promotional Campaigns (as defined in Section 9.1.3), which, during any calendar year, exceed, in the aggregate, more than 3% of Franchisee's total Net Sales for that calendar year from all Owned Units. In addition, any Local Advertising expenditures which do not meet the terms of the Confidential Operating Manual are not counted toward the 2% limitation stated in this Section 9.1.1."

8. Section 9.1.2 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**9.1.2 In-Store Materials**. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.3, 9.1.4, 9.3, and 9.4, Franchisee, at its expense, must purchase from time to time during the term of this Agreement, in-store promotional displays and in-store advertising (for example, quality statements, photographs of products, plaques,

signs, and banners) as are designated or developed by Penn Station from time to time for use in Penn Station Restaurants (collectively, "In-Store Advertising"). Franchisee, however, will not be required by Penn Station to make expenditures for any In-Store Advertising, Penn Station Promotional Campaigns (as defined in Section 9.1.3), Penn Station Loyalty Program, or Penn Station Electronic Media Program, which, during any calendar year, exceed, in the aggregate, more than 3% of Franchisee's total Net Sales for that calendar year from all Owned Units. Any In-Store Advertising expenditures which do not meet the terms of the Confidential Operating Manual do not qualify for the 3% limitation stated in this Section 9.1.2."

9. Section 9.1.3 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**9.1.3 Local, Regional or National Promotional Campaigns**. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.2, 9.1.4, 9.3, and 9.4, Franchisee, at its expense, must participate in promotional, gift certificate (or gift card), and coupon programs developed, designated or administrated by Penn Station from time to time for the particular local or regional market in which the Franchised Business is located or, as applicable, on a national basis for all franchisees (collectively, "Penn Station Promotional Campaigns"). Franchisee, however, will not be required by Penn Station to make expenditures for any Penn Station Promotional Campaigns, In-Store Advertising, Penn Station Loyalty Program, or Penn Station Electronic Media Program, which, during any calendar year, exceed, in the aggregate, more than 3% of Franchisee's total Net Sales for that calendar year from all Owned Units. Any Penn Station Promotional Campaign expenditures which do not meet the terms of the Confidential Operating Manual do not qualify for the 3% limitation stated in this Section 9.1.3."

10. Section 9.1.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**9.1.4 Grand Opening Advertising**. In addition to the advertising expenditures required under Sections 9.1.1, 9.1.2, 9.1.3, 9.3 and 9.4, Franchisee, at its expense, must spend up to $10,000 for a grand opening event and marketing support at any time within 180 days after the Penn Station Restaurant is opened at the Franchised Premises ("Grand Opening Advertising"). This requirement may be waived (a) if your Restaurant is not in a Mature Market and its sales are equal to or above the average for all Penn Station Restaurants and (b) if your Restaurant is in a Mature Market. "Mature Market" means a market, as defined by Penn Station, in which a sufficient number of Penn Station Restaurants have been opened and are operating in relation to the total number of Penn Station Restaurants that could be opened and operated in that market, all as determined by Penn Station, in its sole determination. Franchisee, however, will not be required by Penn Station to make expenditures for Grand Opening Advertising in excess of $10,000 per Owned Unit. Any Grand Opening Advertising expenditures which do not meet the terms of the Confidential Operating Manual do not qualify for the $10,000 limitation stated in this Section 9.1.4."

11. Section 9.3.2 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**9.3.2 Payments**. Franchisee will contribute to the advertising cooperative in the amounts and at the times as are determined by the members and which have been ~~approved~~consented to in advance by Penn Station (or, if the members are unable to

agree on an amount that is acceptable to Penn Station, then the amount will be as established by Penn Station). The amount Franchisee is required to pay as a result of participation in the advertising cooperative are not subject to the 2% limitation in Section 9.1.1 and will be in addition to the advertising required by Sections 9.1.2, 9.1.3, 9.1.4, 9.2, and the National Fund fee required pursuant to Section 9.4. Franchisee, however, will not be required by the advertising cooperative or by Penn Station to make contributions to the advertising cooperative which, during any calendar year, exceed more than 4% of Franchisee's total Net Sales for that calendar year from all Owned Units which are in that advertising cooperative;"

12. Section 12.4.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.1 No Default**. All of Franchisee's accrued monetary obligations to Penn Station and all other outstanding obligations related to this Agreement and each other franchise agreement between Franchisee and Penn Station have been satisfied and Franchisee is not in Default. No Default may be created from the proposed Transfer. The Proposed Purchaser must sign (and on Penn Station's request, causes all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement and all other agreements as Penn Station may require for the Owned Units being transferred (including signing Penn Station's then current franchise agreements). Guaranties, satisfactory to Penn Station, of the Proposed Purchaser's obligations to Penn Station must be delivered to Penn Station at Penn Station's request. Notwithstanding anything to the contrary in this Section 12.4.1, the then current franchise agreement to be signed by the Proposed Purchaser will, for the remaining term of this Agreement, contain the same renewal fee as provided in Section 2.2.6, the same continuing monthly royalty fee formula as provided in Section 3.1.2, the same percentage limitation of any Local Advertising, Penn Station Loyalty Program, Penn Station Electronic Media Program, In-Store Advertising, and Penn Station Promotional Campaigns pursuant to Sections 9.1.1, 9.1.2, and 9.1.3, the same percentage limitation of any National Fund fee implemented by Penn Station pursuant to Section 9.4, the same Restricted Territory as described in Section 1.2, and the same Franchised Premises described in Section 1.3;"

13. Sections 12.4.3, 12.4.4, 12.4.5, and 12.4.6 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.4.3 Ownership**. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition, the

ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~(a) is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound, as applicable, by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;

12.4.6 Compliance. The rights or interests being sold have been first offered to Penn Station in the manner described in Section 12.9 below, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and".

14. Section 12.4.8 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.8 Designated Owner**. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~ and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

15. Sections 12.5.2 and 12.5.3 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.5.2 Managing Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other franchise agreement between Franchisee and Penn Station; ~~(iii) the new person must~~and (iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect~~; and (iv) Franchisee must pay to~~ In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately

following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5, 12.9~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

16. Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9 15, and ~~15,~~20.3, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and"

17. Section 12.5.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.7 Designated Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between

Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other franchise agreement between Franchisee and Penn Station~~.~~; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;"

18. Section 12.6.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.6.5 Transfer Fee; Compliance**. Franchisee pays to Penn Station a transfer and processing fee of $~~500~~1,000 for each Transfer, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met."

19. Section 15.4.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**15.4.1 Non-Compete**. For a period of 2 years ~~from~~after the date this Agreement expired or was terminated or from the date of any applicable Transfer permitted by Section 12, none of Franchisee or any Officer, director (or manager), or Owner (including the Managing Owner and the Designated Owner) or the Operations Director, if applicable, will either directly or indirectly, for itself, themselves, or himself, or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest (whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent or having any other interest) in, any business or enterprise which offers for sale Philadelphia-style cheesesteak sandwiches or submarine sandwiches, or both (in any combination), within the Restricted Territory designated in any franchise agreement between Penn Station and Franchisee, including the Restricted Territory defined in this Agreement. Nothing in this Section 15.4.1 will prevent Franchisee from owning another Penn Station franchise under a separate franchise agreement with Penn Station which is in full force and effect at the time this Agreement expires or is terminated or the date the Transfer of the Franchise (including an assignment of this Agreement) occurs;"

20. Section 17.4 of the Franchise Agreement is hereby amended by adding the following immediately after Section 17.4.6 of the Franchise Agreement to provide in its entirety as follows:

"**17.4.7 Indiana Law**. Nothing in this Section 17.4 may be construed to abrogate Franchisee's right to bring litigation for breach of this Agreement by Penn Station."

21. Section 21.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**21.1 No Other Agreement**. The Confidential Operating Manual and this Agreement (and the exhibits referred to in this Agreement) (i) supersede any and all prior and existing understandings, negotiations and agreements, either oral or in writing between Penn Station and Franchisee, which occurred or existed before or on the date of this Agreement, with respect to the subject matter of this Agreement and (ii) contain

all of the covenants, warranties and, together with the Disclosure Document to the extent of any express representations made by Penn Station in the Disclosure Document, representations of, and agreements between, Penn Station and Franchisee with respect to the subject matter of this Agreement, and are the full and complete agreement of Penn Station and Franchisee. The Disclosure Document given to Franchisee for the Franchised Business that is the subject of this Agreement, however, does not constitute an agreement between Franchisee and Penn Station, and this Agreement will govern in the case of any conflict between the Disclosure Document, on the one hand and the Confidential Operating Manual or this Agreement on the other. Nothing in this Agreement is intended to disclaim the express representations made by Penn Station in the Disclosure Document that was provided to Franchisee in connection with this Agreement. Notwithstanding anything to the contrary in this Section 21, this Agreement will not merge, or be construed to merge, into or with any other franchise agreement between Franchisee and Penn Station with respect to any of the other Owned Units except that the terms of the most recent version of the franchise agreement between Franchisee and Penn Station for any Penn Station franchise (whether from opening a new Restaurant or based on the renewal of an existing Penn Station franchise) will govern this Agreement in the case of any conflict or inconsistency between the terms of this Agreement and the terms of the most recent franchise agreement between Penn Station and Franchisee exclusive of, solely for purposes of the Franchised Business under this Agreement, Section 1.2 (Restricted Territory), Section 1.3 (location of the Franchised Premises), Section 2.2.6 (renewal fee), Section 3.1.2 (the monthly royalty formula in this Agreement), Section 9.1.1 (percentage limitation of any Local Advertising), Section 9.1.2 (percentage limitation on any In-Store Advertising), Section 9.1.3 (percentage limitation on any Penn Station Promotional Campaigns), and Section 9.4 (percentage limitation of any National Fund fee) in this Agreement, which will not change other than pursuant to the terms of this Agreement. Any amendment or modification of this Agreement is invalid unless made in writing and signed by Penn Station and Franchisee."

22. Section 24.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.1** **Ohio Law**. Ohio law (except for Ohio (or any other State) choice of law or conflicts of law principles) shall govern and apply to all matters arising under or relating to this Agreement, including the interpretation and construction of this Agreement and the offer or sale of the Franchise, except to the extent this Agreement is governed by (i) the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*) and (ii) the laws of the State of Indiana which are of mandatory application, including Indiana Code Sections 23-2-2.5 and 23-2-2.7 to the extent applicable. This Agreement takes effect when it is signed by Penn Station in Ohio."

23. Section 24.2 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.2** **Cumulative Rights**. No right or remedy conferred on, or reserved to, Penn Station or Franchisee by this Agreement is intended to be, and will not be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each right and remedy will be cumulative of every other right or remedy."

24. Section 24.4 and Section 24.5 of the Franchise Agreement are hereby deleted.

25. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

IN ADD.SU
REV. ~~05/15/20~~03/26/2021

State of Illinois

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 5.2.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**5.2.4 Sign Franchise Agreement; Guaranty**. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5.~~5.4, 12.9, ~~15~~15, 20.3 and 24.5. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it."

5. Sections 12.4.3, 12.4.4, and 12.4.5 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

> "**12.4.3 Ownership**. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted

Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5. In addition, the ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request

for payment therefor, following its verification of the training of the new Operations Director;"

6. Section 12.4.8 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.8 Designated Owner**. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~ and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

7. Sections 12.5.2 and 12.5.3 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.5.2 Managing Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station; and (~~iii) the new person must~~iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect~~; and (iv) Franchisee must pay to~~. In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person

finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

8. Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3 and 24.5, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and"

9. Section 12.5.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.7 Designated Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between

Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.5 and each other franchise agreement between Franchisee and Penn Station; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

10. Section 24.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.1 Illinois Law and the Illinois Franchise Disclosure Act**. This Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of Illinois, except to the extent this Agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*). If any provisions of this Agreement are inconsistent with applicable Illinois law, then Illinois law shall apply and govern the parties hereto. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in this Agreement that designates jurisdiction or venue outside the State of Illinois is void. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of this Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act."

11. Section 24.4 of the Franchise Agreement is hereby deleted.

12. Section 25.1 of the Franchise Agreement is hereby modified by deleting the second sentence of Section 25.1, and Section 25.4 is deleted in its entirety.

13. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

State of Maryland

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 2.2.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**2.2.7 Release**. Franchisee shall execute a general release, in a form prescribed by Penn Station, of any and all claims through the date of renewal against Penn Station and its affiliates, and their respective officers, directors, agents, and employees in their corporate and individual capacities; *provided, however*, that Franchisee will not be required to release any claim against Penn Station arising under the Maryland Franchise Registration and Disclosure Law."

5. Section 3.1.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> **"3.1.1 Initial Franchise Fee**. Franchisee will pay to Penn Station an initial franchise fee in the amount of $25,000 on the date upon which Franchisee begins operating the Franchised Business at the Franchised Premises. The initial franchise fee is treated as being fully earned and non-refundable on the date paid. Under no other circumstances is the initial franchise fee refundable. No initial franchise fee will be due and payable for any renewal of this Agreement."

6. Section 12.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**12.1 Transfer by Penn Station**. Penn Station will have the right to transfer or assign all or any part of its rights or delegate all or any part of its obligations under this Agreement or in any other agreement between Penn Station and Franchisee to any Person; however, as a condition of any total assignment by Penn Station of its rights and the total delegation of its obligations, the Person to whom Penn Station assigns its interests will assume Penn Station's obligations under this Agreement arising on and

after the effective date of the assignment. Franchisee will sign any forms Penn Station may reasonably request to effectuate any assignment by Penn Station. On that total assignment by Penn Station, Penn Station is without any further act or instrument released of any and all obligations, duties, and liabilities arising under or out of this Agreement or any other agreement between Penn Station and Franchisee, *provided* that such release will not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law, Title 14, Section 14-201 et seq., Annotated Code of Maryland ("Maryland Franchise Registration and Disclosure Law") related to acts that occur prior to such total assignment."

7. Section 12.4.6 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.6 Compliance**. The rights or interests being sold have been first offered to Penn Station in the manner described in Section 12.9 below, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require Franchisee and its Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, members, employees, and agents; provided that such release will not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law; and"

8. Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, 20.3, 24.4 and 24.5, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require the transferring Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, members, employees, and agents; provided that such release will not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law; and"

9. Section 12.6.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.6.5 Transfer Fee; Compliance**. Franchisee pays to Penn Station a transfer and processing fee of $~~500~~1,000 for each Transfer, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require the transferring Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, members, employees, and agents; provided that such release will not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law."

10. Section 24.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.4 Forum Selection**. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR PENN STATION TO ENTER INTO THIS AGREEMENT,

FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION EACH AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, ITS VALIDITY OR PERFORMANCE, AND THE OFFER OR SALE OF THE FRANCHISE WILL BE INITIATED AND PROSECUTED AS TO ALL PARTIES AND THEIR SUCCESSORS AND ASSIGNS IN ANY COURT SITUATED AT CINCINNATI, OHIO. PENN STATION, FRANCHISEE, AND EACH OWNER OF FRANCHISEE EACH CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY COURT SITUATED AT CINCINNATI, OHIO HAVING JURISDICTION OVER THE SUBJECT MATTER AND CONSENTS THAT ALL SERVICE OF PROCESS BE MADE BY CERTIFIED MAIL DIRECTED TO (I) FRANCHISEE AND PENN STATION AT THEIR RESPECTIVE ADDRESSES SET FORTH IN SECTION 19 ABOVE, (II) AN OWNER OF FRANCHISEE AT HIS OR HER ADDRESS LAST KNOWN TO PENN STATION, OR (III) AS OTHERWISE PROVIDED UNDER THE LAWS OF THE STATE OF OHIO. FRANCHISEE AND EACH OWNER OF FRANCHISEE WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS*, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER, AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT. NOTHING IN THIS SECTION 24.4 SHALL LIMIT FRANCHISEE'S RIGHTS UNDER MARYLAND LAW TO ENTER INTO LITIGATION WITH FRANCHISOR WITHIN THREE YEARS AFTER THE GRANT OF THE FRANCHISE ALLEGING A VIOLATION OF MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW IN ANY COURT OF COMPETENT JURISDICTION WITHIN THE STATE OF MARYLAND."

11. Section 25 of the Franchise Agreement is hereby amended by adding the following Section 25.5:

"**25.5 Maryland Law**. Nothing in this Section 25 is intended to, nor shall it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise."

12. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

State of Michigan

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 2.2.7 of the Franchise Agreement is hereby deleted.

5. Section 5.2.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**5.2.4 Sign Franchise Agreement; Guaranty**. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.4. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it."

6. Sections 12.4.3, 12.4.4, 12.4.5, and 12.4.6 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

> "**12.4.3 Ownership**. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted

Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.4. In addition, the ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request

for payment therefor, following its verification of the training of the new Operations Director;

12.4.6 Compliance. The rights or interests being sold have been first offered to Penn Station in the manner described in Section 12.9 below, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and"

7. Section 12.4.8 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.8 Designated Owner**. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~, and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5~~,5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

8. Sections 12.5.2 and 12.5.3 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.5.2 Managing Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5~~,5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other applicable franchise agreement between Franchisee and Penn Station; and (~~iii) the new person must~~iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program

then in effect~~; and (iv) Franchisee must pay to~~. In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5~~,5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

9. Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5~~,5.4, 12.9, ~~15~~15, 20.3, and 24.4, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and"

10. Section 12.5.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.7 Designated Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted

Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, ~~15~~15, 20.3, and 24.4 and each other franchise agreement between Franchisee and Penn Station; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

11. Section 12.6.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.6.5 Transfer Fee; Compliance**. Franchisee pays to Penn Station a transfer and processing fee of $~~500~~1,000 for each Transfer, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met."

12. Section 14.8.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**14.8.1 Purchase Option**. On the occurrence of a Default and if Franchisee has not cured the Default within 30 days after Franchisee has been given notice of that Default from Penn Station, Penn Station will have the right, but not the obligation, to purchase for cash any and all Restaurant Improvements, inventory, supplies and other goods, signs, advertising materials, and all items bearing Penn Station's Marks or Copyrighted Materials located at the Franchised Premises or pertaining to the Franchised Business (collectively, the "Purchased Items"), at fair market value of each item. Penn Station must exercise this right by giving notice to Franchisee not later than 30 days after this Agreement has terminated or expired unless Franchisee has exercised its Retention Rights described below in which case that 30 day period will begin on the date that Franchisee exercises its Retention Rights. Franchisee will not have any interest in the goodwill of the Franchised Business and will receive no payment whatsoever for any goodwill that Franchisee may claim to have established either before or during the operation of the Franchised Business. If Penn Station and Franchisee cannot agree on the fair market value of a particular item or items of the Purchased Items within 30 days after this Agreement has terminated or expired and Penn Station has exercised its option to purchase as provided in this Section 14.8.1, then Penn Station and Franchisee will each appoint one appraiser not later than 7 days after this Agreement has terminated or expired. Both appraisers will then have 14 days to agree on the fair market value of the disputed items. If, after 14 days, the two appointed appraisers are unable to agree on the fair market value of the disputed items or any particular disputed item, then the two appraisers will appoint a third appraiser who will complete his appraisal in 14 days. The decisions of the two appraisers who are closest in value among the three appraisers will be averaged. The average value established will be binding and conclusive on Penn Station and Franchisee. Penn Station and Franchisee will each bear the cost of the appraiser appointed by each of them and one-half of the cost of any third appraiser. On exercising this purchase option, Penn Station will have the right to set-off all amounts due from Franchisee under this Agreement and any other agreement between Penn Station and Franchisee against any payment to be made by Penn Station for the

Purchased Items. Penn Station has no obligation, however, to exercise its purchase option. Notwithstanding anything to the contrary in this Section 14.8.1, Penn Station will not have the right to exercise its purchase option if (i) at the time of the termination of this Agreement, any other franchise agreement between Franchisee and Penn Station is in full force and effect with respect to other Owned Units and there exists no default under any of those other franchise agreements, (ii) Franchisee has complied in full with all of its obligations on the termination of this Agreement, and (iii) Franchisee gives notice to Penn Station no later than 10 days after this Agreement has terminated or expired that Franchisee will use and remove the Purchased Items in its other Owned Units ("Retention Rights"). Penn Station will have the right to exercise its purchase option as to any Purchased Items which Franchisee has elected not to use in its other Restaurants pursuant to the exercise of its Retention Rights in accordance with this Section 14.8.1."

13. Section 24.2 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.2 Cumulative Rights**. No right or remedy conferred on, or reserved to, Penn Station or Franchisee by this Agreement is intended to be, and will not be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted (except to the extent of the provisions of Section 24.4), but each right and remedy will be cumulative of every other right or remedy."

14. Section 24.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.4 Jury Trial Waiver**. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR PENN STATION TO ENTER INTO THIS AGREEMENT AND SELL A FRANCHISE TO FRANCHISEE, FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN OR AMONG FRANCHISEE, EACH OWNER OF FRANCHISEE, AND PENN STATION AND THE CONDUCT OF THE RELATIONSHIP BETWEEN OR AMONG PENN STATION, FRANCHISEE AND EACH OWNER OF FRANCHISEE."

15. Section 24.5 of the Franchise Agreement is hereby deleted.

16. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____
Date: _____

State of Minnesota

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section 2.2.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**2.2.7 Release**. Franchisee shall execute a general release, in a form prescribed by Penn Station, of any and all claims through the date of renewal against Penn Station and its affiliates, and their respective officers, directors, agents, and employees in their corporate and individual capacities; *provided, however*, that Franchisee will not be required to release any claim against Penn Station arising under Minnesota Statutes, Sections 80C.01 to 80C.22"; and

5. Section 2.2 of the Franchise Agreement is hereby amended by (i) deleting the word "and" after the semi-colon at the end of Section 2.2.6 and (ii) adding the following new provision immediately after Section 2.2.7 of the Franchise Agreement to provide in its entirety as follows:

> "**2.2.8 Notice of Non-Renewal; Opportunity to Operate**. Franchisee has both (i) not received a notice of non-renewal from Penn Station at least 180 days' prior to the end of the then current 5 year term, and (ii) been given an opportunity, if Franchisee has received such notice of non-renewal from Penn Station to operate the Franchised Business over a sufficient period of time to enable Franchisee to recover the fair market value of the Franchised Business as a going concern, as determined and measured from the date, if any, of Penn Station's failure to renew the Franchise; *provided*, *however*, that this Section 2.2.8 shall not apply if Penn Station has good cause (as defined in Minnesota Statutes, Section 80C.14, Subd. 3(b)) to terminate, and Franchisee has failed to correct the reasons for termination."

6. Section 5.2.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**5.2.4 Sign Franchise Agreement; Guaranty**. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it."

7. Sections 12.4.3, 12.4.4, and 12.4.5 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.4.3 Ownership**. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition, the ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

8. Section 12.4.8 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.8 Designated Owner**. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~, and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

9. Sections 12.5.2 and 12.5.3 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.5.2 Managing Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (~~iii) the new person must~~iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect~~; and (iv) Franchisee must pay to~~. In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5, 12.9~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

10. Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5, 12.9~~5.4, 12.9, 15, and ~~15,~~20.3, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met; and"

11. Section 12.5.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.7 Designated Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other franchise agreement between Franchisee and Penn Station; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

12. Section 12.4.6, Section 12.5.5 and Section 12.6.5 of the Franchise Agreement are hereby modified by adding the following sentence to the end thereof to provide in its entirety as follows:

"; *provided, however*, that any such general release will not apply to any claim against Penn Station arising under Minnesota Statutes, Sections 80C.01 to 80C.22;"

13. Section 13 of the Franchise Agreement is hereby amended by adding the following new provision immediately after Section 13.5 of the Franchise Agreement to provide in its entirety as follows:

"**13.6 Minnesota Law.** Notwithstanding the foregoing, Penn Station will not terminate any of Franchisee's rights under this Agreement or any other agreement between Penn Station and Franchisee pertaining to the Franchised Business if such termination or nonrenewal would contravene Minnesota law. Minnesota Statute 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement."

14. Section 24.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.1** **Ohio Law**. Ohio law (except for Ohio (or any other State) choice of law or conflicts of law principles) shall govern and apply to all matters arising under or relating to this Agreement, which takes effect when it is signed by Penn Station in Ohio, including the interpretation and construction of this Agreement and the offer or sale of the Franchise, except to the extent this Agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*). This Section 24.1 shall not in any way abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1992, Chapter 80C, Sections 80C.01 to 80C.22."

15. Section 24.3 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**24.3** **Equity**. Nothing in this Agreement will bar Penn Station from obtaining injunctive relief against threatened conduct that will cause it loss or damages under principles of equity or law, including obtaining restraining orders and preliminary injunctions. Penn Station may not require Franchisee to waive any rights provided under Minnesota Rule 2860.4400J. The determination as to whether or not a bond will be required of Penn Station in seeking injunctive relief will be left to the determination of the court hearing the petition for relief."

16. Sections 24.4 and 24.5 of the Franchise Agreement are hereby deleted.

17. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

State of New York

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20___ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

6. ~~1.~~ All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

7. ~~2.~~ In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

8. ~~3.~~ Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

9. ~~4.~~ Section 13.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**13.5 Penn Station Default**. Penn Station will not be in default unless Penn Station does not perform the obligations required of Penn Station under this Agreement within a reasonable time but in no event later than 60 days after written notice by Franchisee to Penn Station specifying in what exact manner Penn Station has not performed these obligations; however, if the nature of Penn Station's obligation is such that more than 60 days are required for performance, then Penn Station will not be in default if Penn Station begins performance within the 60 day period and thereafter diligently takes all required actions to cure the default within a reasonable time. If (a) Penn Station does not perform these obligations after notice and its opportunity to cure as provided in this Section 13.5 and (b) Franchisee is not in Default, then Franchisee will have the option to terminate this Agreement on 30 days advance written notice to Penn Station. Franchisee shall be permitted to terminate this Agreement upon any grounds available by law."

10. ~~5.~~ Section 24.1 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

> "**24.1 Ohio Law**. Ohio law (except for Ohio (or any other State) choice of law or conflicts of law principles) shall govern and apply to all matters arising under or relating to this Agreement, which takes effect when it is signed by Penn Station in Ohio, including the interpretation and construction of this Agreement and the offer or sale of the Franchise, except to the extent this Agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*). The foregoing choice of law should not be considered as a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33."

11. ~~6.~~ The Franchise Agreement is hereby amended by adding the following new provision immediately after Section 25.4 of the Franchise Agreement to provide in its entirety as follows:

> "**26. NEW YORK PROVISIONS.** Notwithstanding any provision in this Agreement to the contrary, the non-waiver provisions of the State of New York General Business Law, Article 33, Sections 687.4 and 687.5 shall remain in effect."

12. ~~7.~~ This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Penn Station.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

NY ADD.SU
REV. 02/19/15

State of North Dakota

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

13. ~~1.~~ All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

14. ~~2.~~ In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

15. ~~3.~~ Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

16. ~~4.~~ Section 2.2.7 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"**2.2.7 ~~Release.~~ [Reserved].**"

17. ~~5.~~ Section 5.2.4 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**5.2.4 Sign Franchise Agreement; Guaranty**. Each Owner of Franchisee must sign and be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition to the Managing Owner, Penn Station may require certain of Franchisee's other Owners to guarantee all of the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station. The form of the guaranty is attached as Exhibit C. If any person who has executed a guaranty in favor of Penn Station dies, Penn Station may require replacement guaranties satisfactory to it."

18. ~~6.~~ Sections 12.4.3, 12.4.4, and 12.4.5 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.4.3 Ownership**. The persons who will be (i) the Owners of the Proposed Purchaser of the properties of Franchisee (including the Franchised Business) or, as applicable, (ii) the Proposed Purchasers, directly or indirectly, of the interests of Franchisee's Owners (on consummation of the purchase of the then Owners' interests) must, in each instance, (a) demonstrate to Penn Station's sole satisfaction that (1) they each ~~meet Penn Station's educational and business standards, (2) they each possess a good, moral character, business reputation and credit rating~~are qualified to be Owners of Franchisee in compliance with this Agreement, (2) none of them has been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or

Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (3) they, together, have adequate financial resources, credit, business experience, and capital and (b) sign (and on Penn Station's request, cause all interested parties to sign) an agreement, in a form satisfactory to Penn Station, assuming and agreeing to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15.~~20.3. In addition, the ownership structure and percentage ownership of the Owners of the Proposed Purchaser (or that of the persons who purchase Franchisee's then Owners' interests) must be acceptable to Penn Station;

12.4.4 Managing Owner. There cannot be a change in the person who is the Managing Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Managing Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner; (ii) meet the conditions of Section 5.2; (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect. In addition to clauses (i) through (iv) of this Section 12.4.4, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.4.5 Operations Director. There cannot be a change in the person who is the Operations Director (if applicable) without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Operations Director, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (iii) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; and (iv) ~~complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect~~be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.4.5, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to~~

~~provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

19. ~~7.~~ Section 12.4.8 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.4.8 Designated Owner**. There cannot be a change in the person who is the Designated Owner without Penn Station's prior ~~approval~~consent. If there is a new person proposed to be the Designated Owner, then the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners~~, (b) possesses a good, moral character, business reputation and credit rating, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner~~ and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; ~~and~~ (iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (iv) complete to Penn Station's satisfaction, at the Proposed Purchaser's expense, the Training Program then in effect for Designated Owners, and Penn Station must be paid its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

20. ~~8.~~ Sections 12.5.2 and 12.5.3 of the Franchise Agreement are hereby amended in their respective entireties by substituting in their respective steads the following:

"**12.5.2 Managing Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Managing Owner", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for managing owners, (b) ~~possesses a good, moral character, business reputation and credit rating,~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials, and (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Managing Owner~~, and~~; (~~d~~ii) ~~meets~~meet the conditions of Section 5.2; (~~ii) the new person must~~iii) (a) personally guarantee the obligations of Franchisee under this Agreement and each other applicable franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station; and (~~iii) the new person must~~iv) complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect~~; and (iv) Franchisee must pay to~~. In addition to clauses (i) through (iv) of this Section 12.5.2, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person~~by the 10th day of the calendar month immediately following the calendar month in which the new person

finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person;

12.5.3 Operations Director. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Operations Director", then ~~(i)~~ the new person must (i) demonstrate to Penn Station's sole satisfaction that he (a) ~~meets Penn Station's then current standards for operations directors, (b) possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Operations Director, and (d) meets~~is qualified to be an Operations Director in compliance with this Agreement and (b) has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn Station's interests in the Marks or Copyrighted Materials; (ii) meet the conditions of Section 5.2; (~~ii) the new person must~~iii) agree to be bound by Sections 5.1.5, ~~5.5, 12.9~~5.4, 12.9, 15, and ~~15~~20.3 and each other applicable franchise agreement between Franchisee and Penn Station and must sign the Operations Director Non-Compete Agreement; ~~(iii) the new person must complete to Penn Station's satisfaction the Training Program then in effect; and (iv) Franchisee must pay to Penn Station~~and (iv) be properly trained by the Managing Owner (subject to verification by Penn Station in accordance with this Agreement). In addition to clauses (i) through (iv) of this Section 12.5.3, Penn Station must be paid its then current training fee ~~within 14 days after the Training Program begins for the new person to cover, in part, Penn Station's cost to provide the Training Program to the new person~~, upon receipt of Penn Station's request for payment therefor, following its verification of the training of the new Operations Director;"

21. ~~9.~~ Section 12.5.5 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.5 Sign Agreement; Compliance**. Each new Owner must sign an agreement, in a form satisfactory to Penn Station, agreeing to be bound by Sections 5.1.5, ~~5.5, 12.9~~5.4, 12.9, 15, and ~~15,~~20.3, and all other terms of this Agreement applicable to the Transfer and to the Persons involved in the Transfer (including Section 12.10) have been met. Penn Station reserves the right to require the transferring Owners to sign a general release, in a form established by Penn Station, of all claims against Penn Station and its affiliates, and their respective owners, officers, directors, managers, members, employees, and agents; and"

22. ~~10.~~ Section 12.5.7 of the Franchise Agreement is hereby amended in its entirety by substituting in its stead the following:

"**12.5.7 Designated Owner**. If, as a result of the New Owner Transfer, a new person will purchase the interest of, or otherwise become, the new "Designated Owner", then (i) the new person must demonstrate to Penn Station's sole satisfaction that he (a) meets Penn Station's then current standards for Designated Owners, (b) ~~possesses a good, moral character, business reputation and credit rating, (c) has the aptitude and ability (as may be evidenced by related restaurant and business experience or otherwise) to be the Designated Owner, and (d~~has not been convicted of a felony, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Penn Station, to adversely affect the System, the Marks, the Copyrighted Materials, the goodwill associated with the Marks or Copyrighted Materials or Penn

Station's interests in the Marks or Copyrighted Materials, and (c) meets the conditions of Section 5.2; ~~and~~ (ii) the new person must (a) personally guarantee the obligations of Franchisee under this Agreement and each other franchise agreement between Franchisee and Penn Station and (b) agree to be bound by Sections 5.1.5, ~~5.5,~~5.4, 12.9, 15, and ~~15~~20.3 and each other franchise agreement between Franchisee and Penn Station; (iii) the new person must complete to Penn Station's satisfaction, at Franchisee's expense, the Training Program then in effect for Designated Owners; and (iv) Franchisee must pay to Penn Station its then current training fee by the 10th day of the calendar month immediately following the calendar month in which the new person finished his or her training to cover, in part, Penn Station's cost to provide the Training Program to the new person."

23. ~~11.~~ Section 15.3 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The duty contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

24. ~~12.~~ Section 15.4.1 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

25. ~~13.~~ Section 24.1 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"**24.1 Choice of Law**. North Dakota law (except for North Dakota choice of law or conflicts of law principles) shall govern and apply to all matters arising under or relating to this Agreement, which takes effect when it is signed by Penn Station in Ohio, including the interpretation and construction of this Agreement and the offer or sale of the Franchise, except to the extent this Agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*)."

26. ~~14.~~ Section 24.4 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"24.4 ~~Forum Selection.~~ [Reserved]."

27. ~~15.~~ Section 24.5 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"**24.5 ~~Jury Trial Waiver.~~ [Reserved]."**

28. ~~16.~~ This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

State of Rhode Island

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

29. ~~1.~~ All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

30. ~~2.~~ In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

31. ~~3.~~ Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

32. ~~4.~~ Sections 24.1 and 24.4 of the Franchise Agreement are hereby modified by adding the following to the end of each section thereof:

> "Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in this Agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

33. ~~5.~~ This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement between Franchisee and Penn Station with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both Franchisee and Penn Station.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

RI ADD.SU
REV. 01/20/15

State of Washington

ADDENDUM TO UNIT FRANCHISE AGREEMENT
FOR PENN STATION RESTAURANT

This Addendum to the Unit Franchise Agreement for a Penn Station Restaurant (this "Addendum") is attached to and made a part of the Unit Franchise Agreement for Penn Station Restaurant dated _____, 20__ (the "Franchise Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Penn Station and Franchisee agree as follows:

34. ~~1.~~ All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

35. ~~2.~~ In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

36. ~~3.~~ Except as specifically amended by this Addendum, all terms of the Franchise Agreement are ratified and confirmed and remain in full force and effect. The Franchise Agreement, as amended by this Addendum, will be construed as one agreement.

37. ~~4.~~ Section 24 of the Franchise Agreement is hereby modified by adding the following new Section 24.6 to the end thereof:

> "**24.6 Washington Disclosures and Modifications.** The State of Washington has a statute, RCW 19.100.180, which may supersede this Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect Penn Station's

reasonable estimated or actual costs in effecting a transfer."

38. ~~5.~~ This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement between Franchisee and Penn Station with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both Franchisee and Penn Station.

39. ~~6.~~ By signing below, Franchisee acknowledges receipt of this Addendum.

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

_____
(Name of Franchisee Entity)

By: _____

Name Printed: _____

Title: _____

Date: _____

PENN STATION, INC.

By: _____

Name Printed: _____

Title: _____

Date: _____

EXHIBIT B TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

PENN STATION, INC.

MULTI-UNIT GUIDELINES

I. INTRODUCTION

If an existing or prospective Penn Station® franchisee ("~~Existing~~Prospective Multi-Unit Franchisee") desires to purchase ~~an additional~~more than one Penn Station® restaurant franchise (a "Franchise" or "Restaurant"), then he or she must make application to Franchisor, Penn Station, Inc. ("Penn Station"). Penn Station will consider the ~~Existing~~Prospective Multi-Unit Franchisee's application to purchase ~~an additional~~more than one Franchise if certain criteria are met; **however, Penn Station has no obligation to sell an ~~additional~~more than one Franchise** except to those franchisees who have a signed Multi-Unit Agreement with us and who have met all of the requirements of the Multi-Unit Agreement to open another Penn Station Franchise**.**

In addition to the terms of your Penn Station® Unit Franchise Agreement ("Franchise Agreement") and Penn Station's General Manager Guidelines (as applicable), this document highlights the *general* criteria and guidelines that Penn Station will use to evaluate whether to sell ~~an additional~~more than one Franchise to ~~an Existing~~a Prospective Multi-Unit Franchisee. *This document, however, does **not** purport to be an exhaustive list of Penn Station's criteria for the sale of ~~additional Franchises~~more than one Franchise*. Penn Station reserves the right to impose additional or varied conditions on the sale of ~~additional Franchises to Existing~~more than one Franchise to Prospective Multi-Unit Franchisees and to develop further these guidelines and criteria periodically based on its experiences and the experiences of its franchisees. In addition, Penn Station may choose to omit some or all of the following criteria depending on the circumstances.

In approving the sale of ~~an additional~~more than one Franchise, Penn Station is not assuming any liability for (i) the tax, business, financial, personal, or legal consequences of the ~~additional Franchise~~multiple Franchises or (ii) the profitability or success of the ~~Existing~~Prospective Multi-Unit Franchisee's new venture or existing Franchise, if any. *The ~~Existing~~Prospective Multi-Unit Franchisee must seek the assistance of lawyers, accountants, and other consultants of his or her choosing to evaluate the consequences of the proposed ~~additional~~ Franchise(s).* The following criteria and guidelines are used by Penn Station for its own purposes and are ***not*** to be interpreted as legal, accounting, tax, or business advice.

II. PURCHASE OF ~~ADDITIONAL~~MULTIPLE STORES

A. ~~Additional~~Multiple Store Guidelines.

- The ~~Existing Franchisee~~Prospective Multi-Unit Franchisee will be evaluated based on (a) an assessment of the Prospective Multi-Unit Franchisee's depth and skills, (b) the enthusiasm of the Prospective Multi-Unit Franchisee, and (c) the ability to manage multiple Franchises.

- Further, if the Prospective Multi-Unit Franchisee already owns one Restaurant, he or she must be ~~an established franchisee~~ in good standing, including being in current compliance with the covenants in the Franchise Agreement and the requirements of the Franchise Manuals, including the Operating Manual. Satisfaction of this criterion will be evaluated based on (a) the number of years

the ~~Existing~~Prospective Multi-Unit Franchisee's existing ~~restaurant or restaurants~~Restaurant or Restaurants have been in operation, (b) the consistency and level of Performance Evaluations (see further below), (c) ~~an assessment of the Existing Franchisee's depth and skills, (d)~~ the consistency and level of adherence to the covenants in the Franchise Agreement and Operating Manual, ~~(e) the enthusiasm of the Existing Franchisee~~ and (d) the history of his or her dedication to his or her existing Franchise~~, and (f) the ability to manage multiple Franchises. Additionally, before~~,

- Before each sale of ~~an additional~~a Franchise to the ~~Existing~~Prospective Multi-Unit Franchisee, whether pursuant to a Multi-Unit Agreement or otherwise, Penn Station will evaluate the ~~Existing~~Prospective Multi-Unit Franchisee's financial history and current financial condition. Penn Station's review will include an evaluation of the Existing Franchisee's financial stability and overall debt to invested equity (both on a per Restaurant and aggregate Restaurant basis), the timeliness of the ~~Existing~~Prospective Multi-Unit Franchisee's payments to Penn Station and his or her creditors, and the ~~Existing~~Prospective Multi-Unit Franchisee's relationships with his or her creditors. Penn Station may elect to deny (or condition) the sale of any ~~additional~~ Franchise if Penn Station is not satisfied after its evaluation of each of the foregoing.

- All Franchises in which the ~~Existing~~Prospective Multi-Unit Franchisee has any ownership interest must, as of any date of determination, have received for each year (or partial year) of its operation a Performance Evaluation score at least equal to the average Performance Evaluation scores of all franchisees and company-owned restaurants being evaluated in the applicable time period. ~~Furthermore, no~~If any, single Franchise in which the ~~Existing~~Prospective Multi-Unit Franchisee has an ownership interest ~~may have~~has received a score below 800 on any Performance Evaluation, ~~and the Existing~~the Prospective Multi-Unit Franchisee must demonstrate to Penn Station's sole satisfaction, a plan of action to immediately improve his or her Performance Evaluation score to a level acceptable to Penn Station. In addition, the Prospective Multi-Unit Franchisee may not have received a score below 450 on any Performance Evaluation at the franchisee compliance level.

- ~~Before~~If the Prospective Multi-Unit Franchisee already owns a Restaurant, before Penn Station will consider selling an additional Franchise, the ~~Existing~~Prospective Multi-Unit Franchisee must have operated his Franchise (and any additional Franchise sold to him) for a sufficient period of time, as determined by Penn Station, in order for it to judge whether the ~~Existing~~Prospective Multi-Unit Franchisee meets Penn Station's criteria for the sale of an additional Franchise.

- The number, type, and frequency of any Violation Reports issued to the ~~Existing~~Prospective Multi-Unit Franchisee from Penn Station is a material factor in Penn Station's decision to sell an additional Franchise to a Prospective Multi-Unit Franchisee that already owns a Restaurant.

- The ~~Existing~~Prospective Multi-Unit Franchisee must have a cooperative, non-combative relationship with Penn Station, other franchisees, and all ~~approved~~authorized suppliers of the franchise system.

B. General Manager Guidelines.

- ~~The additional~~Any Franchise after the first one must be operated by a General Manager or the Managing Owner (subject to the terms of the Franchise Agreement).

- The ~~Existing~~Prospective Multi-Unit Franchisee must comply with the General Manager Guidelines ~~with respect to the additional Franchise~~.

- The proximity of the principal residences of each of ~~the Existing Franchisee (if an individual),~~ the General Manager, Managing Owner, and Operations Director to the location of the ~~additional~~ Franchise must be acceptable to Penn Station.

EXHIBIT C TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

PENN STATION, INC.

GENERAL MANAGER GUIDELINES

I. INTRODUCTION

If you desire to purchase an additional Penn Station® franchise (a "Franchise"), then you must make an application to us, Penn Station, Inc. ("Penn Station" or "we" or "us"). If ~~approved~~consented to, you must use a General Manager for the additional Franchise. Or, you may desire to have a General Manager for your existing Franchise. Separately, if you desire to purchase your first Franchise yet want to share some of the on-site responsibilities with a General Manager, then you must make an application to us to use a General Manager.

In each case, we will consider your application to use a General Manager for a new Franchise or to hire a General Manager for an existing Franchise if the terms of your Penn Station® Unit Franchise Agreement ("Franchise Agreement") and these guidelines are satisfied. ***You ~~may~~should not ~~make an offer to, or~~ hire, any person as a General Manager unless (i) the particular person has the qualifications and abilities to be a General Manager to operate the Franchise on-site and (ii) the proposed arrangement meets the following guidelines.***

In approving an arrangement under which you hire a General Manager in accordance with these guidelines, we are not (i) becoming the employer of the General Manager or (ii) assuming any liability for (a) the tax, labor (including, without limitation, wage and hour laws), business, financial, personal, or legal consequences of the arrangements between you and the General Manager whom you have elected to establish a business and employee arrangement or (b) the profitability or success of your new venture or existing Franchise. ***You and the General Manager must seek the assistance of lawyers, accountants, and other consultants of your and his choosing to evaluate the consequences of the proposed arrangement and to negotiate and finalize your arrangement***. The following criteria and guidelines are used by us for our own purposes and are ***not*** to be interpreted as legal, accounting, tax, or business advice. Although we have the right to ~~approve~~consent to the financial arrangement with the General Manager because the General Manager will be operating the Franchise on-site, the responsibility and legal consequences of selecting and hiring the General Manager and of carrying out and administrating the employment relationship between you and the General Manager rests solely with you. Under no circumstances are we responsible for the actions of the General Manager, you, or both, in selecting or hiring the General Manager or in carrying out the employment relationship between you and the General Manager nor is the General Manager our employee. Have a lawyer with sufficient experience in employment law matters prepare an employment agreement regarding the employment of the General Manager.

No provisions of these guidelines constitute, or may be construed to be, any intent on Penn Station's part to dictate or otherwise control the day-to-day conduct, performance, discipline, or termination of the General Manager.

We reserve the right to change these guidelines from time to time. In addition, we may choose to omit some or all of the following criteria depending on the circumstances.

II. GENERAL MANAGERS: PURCHASE OF ADDITIONAL STORES

A. Multi-Unit Store Guidelines.

- You must comply with our Multi-Unit Guidelines in effect at the time you make application to us to use a General Manager.

B. General Manager Guidelines.

- The General Manager ~~must~~should have the qualifications and abilities to be a General Manager to operate the Franchise on-site. The General Manager must devote his full time, energy and best efforts to the operation of the Franchise.

- The General Manager will be your employee. ~~You~~Based on Penn Station® system experiences, successful franchisees make significant investments in their General Managers. The most successful franchisees have written employment agreements with their General Manager(s) that ensure that their interests align with the franchisee's interests. As a result, you and the General Manager will be required to enter into a written employment agreement. The terms of the employment agreement must be negotiated between you and the General Manager and, ***before*** you make an offer to the General Manager or sign the written employment agreement, the employment terms are ~~required~~expected to contain certain minimum elements as follows:

(A) **Compensation**. We expect that the General Manager's compensation would include, at a minimum, the following:

On-Going G.M. Compensation. The General Manager's compensation ~~would be~~is usually based on three components: (1) a salary or hourly wage; (2) a percentage of the Operating Income of the Penn Station restaurant® (the "Restaurant") at which the General Manager worked; and (3) a Performance Evaluation ("PE") bonus.

(1) Salary or Hourly. As we currently understand U.S. Department of Labor rules[9] solely for purposes of preparing these Guidelines, the General Manager must receive either: (a) a guaranteed salary sufficient to comply with the U.S. Department of Labor's salary test for exempt employees; or (b) an hourly wage at least equal to the applicable minimum wage for all hours worked up to forty (40) in a workweek and one and one-half times the regular rate for all hours worked in excess of forty (40) in a workweek~~, keeping in mind that we would expect, based on general Penn Station® system experiences, that the minimum hours worked for a General Manager would be 50-55 per week~~.

(2) Operating Income. The General Manager should receive fifty percent (50%) of the monthly Operating Income, as defined below. To provide flexibility in meeting your obligations to pay to a General Manager the minimum salary or hourly wage

[9] Franchisees must consult with their attorneys for legal advice to confirm compliance with U.S. Department of Labor and State rules and regulations.

required by applicable federal and state wage-hour laws, you may offset against the General Manager's 50% of the Operating Income of the Restaurant an amount up to that minimum salary or hourly wage that you have identified to us. ~~We would expect that the General Manager should typically earn a minimum of $1,250 per month from this Operating Income component.~~

"Operating Income" is defined as net sales of the Restaurant for the applicable calendar month (as net sales are defined in the Franchise Agreement) less:

(i) a dollar amount based on an Overhead Percentage[10];

(ii) all Restaurant expenses except income taxes, interest expense, any depreciation and amortization expense, and any other non-cash charges, employee benefit expense for the General Manager or any owner or officer, and any salary or compensation paid to, or accrued for, the General Manager and to your owners, all of the foregoing amounts to be as shown on the operating income statements that we require be delivered to us under the Franchise Agreement (it is expected that the operating income statements ~~must~~will be made available to the General Manager monthly); and

(iii) the cost incurred during the month for any equipment added or improvements made to the restaurant (*e.g.,* remodeling) after the restaurant is first opened for business.

(3) Performance Evaluation Bonus. In addition to the General Manager's base compensation (salary or hourly wage) and percentage of Operating Income, ~~we expect that~~ the General Manager ~~would~~must receive an annual bonus as additional compensation for his or her services. The General Manager ~~would~~must earn the bonus based on the Performance Evaluation score that we ~~gave~~give the Restaurant each year that the General Manager is employed by you (the "Performance Evaluation Bonus").

(i) Formula. The Performance Evaluation Bonus ~~would~~should be based solely on the Restaurant's actual Performance Evaluation score. We ~~would~~ expect, at a minimum, that a bonus, based on actual scores, would be as follows:

Bonus Amount	Performance Evaluation Score

[10]. The "Overhead Percentage" is an amount that is attributable to debt service, owner compensation, expenses, and benefits, and the general and administrative expenses allocated to the Restaurant. In most circumstances, we will not ~~approve~~consent to an Overhead Percentage which is outside of a range of 20% to 25%. It is critical ~~to our General Manager program~~ that the General Manager is able to share in the Operating Income he or she helps to create.

0	0-850.99
$3,000	851-875.99
$6,000	876-900.99
$9,000	901-925.99
$12,000	926-1000

(ii) Payment. We expect that the Performance Evaluation Bonus would be paid to the General Manager by the ~~end of each January~~first payroll period in February based on the Performance Evaluation score for the past calendar year.

(iii) Sliding Scale. The exact Performance Evaluation Bonus payable would be based on a sliding scale of percentages corresponding to the number of completed years of employment of the General Manager at the Restaurant. The total number of completed years of employment is determined as of January 1st of the year in which the Performance Evaluation Bonus is paid to the General Manager. We would expect at a minimum that the scale would be as follows:

00.0% of accrued bonus prior to 1 year of service
~~50.0~~80.0% of accrued bonus after 1 ~~year~~years of service
~~60.0~~90.0% of accrued bonus after 2 years of service
~~70.0~~100.0% of accrued bonus after 3 years of service
~~80.0% of accrued bonus after 4 years of service~~
~~90.0% of accrued bonus after 5 years of service~~
~~100.0% of accrued bonus after 6 years of service~~

~~We would expect that the combination of the Operating Income component and the Performance Evaluation bonus component should equal or exceed thirty percent (30%) of the General Manager's total annual compensation.~~

(B) **Confidential Information; Non-competition**. We expect that the employment agreement will contain provisions substantially similar (in all material respects) to the provisions in Schedule 1 of these guidelines.

The structure of the Performance Evaluation Bonus will require careful tax, legal, and business planning.

- Although we expect that the on-site operational responsibilities would rest on the General Manager, the Managing Owner and Operations Director will remain responsible for the overall operational, management, and supervisory tasks required to operate the Restaurant and for the compliance with the Franchise Agreement and Operating Manual. In that regard, we must be satisfied with the Managing Owner's or, as applicable, the Operations Director's ability to devote sufficient time supervising the General Manager.

- Any replacement General Manager(s) would also have to be hired in compliance with the Franchise Agreement and these guidelines. Any replacement General Manager must complete training in compliance with the Franchise Agreement. You must pay to us our then current training or verification fee (as applicable) with respect to the training of the replacement General Manager in accordance with the Franchise Agreement.

SCHEDULE 1

(Sample Non-Disclosure/Non-Compete Provisions)

5. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION. The Employee acknowledges that in and as a result of his or her employment by the Company, he or she will have access to and make use of "Confidential Information". Penn Station, Inc.'s (the "Franchisor") Operating Manual, business system and any and all other information, knowledge and know-how pertaining to a Penn Station restaurant, including without limitation, the Franchisor's recipes, store operational methods, techniques, cost containment programs, training methods, marketing and developmental plans, strategies, financial information, and research prepared or obtained by, or for the benefit of, Franchisor or its franchisees will be "Confidential Information" for purposes of this Agreement, and all information about the Company and the Company's restaurant, including, without limitation, the sales and financial condition of the Company, marketing data and operations is also "Confidential Information". Confidential Information, however, will not include information which the Employee can demonstrate has become part of the public domain by proper and lawful means through publication and communication by others at the time of disclosure to the Employee, or, after the time of disclosure to the Employee, has become a part of the public domain by proper and lawful means through publication or communication by persons (other than the Employee) who have been authorized by Franchisor to make the publication and disclosure.

As a material inducement to the Company to enter into this Agreement and to pay Employee the compensation provided in Section _____ above, Employee covenants and agrees that he or she shall not, at any time during or following the term of his or her employment, communicate, divulge or use to his or her benefit or for the benefit of any person, entity or association any Confidential Information that has been obtained by, or disclosed to, him or her.

6. COVENANT AGAINST COMPETITION. In view of the unique value to the Company of the services of Employee and because of the Confidential Information to be obtained by or disclosed to Employee, as set forth above, and as a material inducement to the Company to enter into this Agreement and to pay to the Employee the compensation as stated in Section _____, Employee covenants and agrees that during the Employee's employment and for a period of 2 years after he or she ceases to be employed by the Company for any reason, he or she will not, either directly or indirectly, for himself or herself or through or on behalf of or in conjunction with any person, persons, entity, entities, or association or associations, own, operate, maintain, be employed by, engage in or have any interest in any business, other than the Company's business, which offers in any combination Philadelphia-style cheesesteak sandwiches or submarine sandwiches, or both, for sale within a radius of three miles of any Penn Station restaurant, including Penn Station restaurants owned by other franchisees or by Franchisor[11] .

7. REASONABLENESS OF RESTRICTIONS.

(a) The Employee has carefully read and considered the provisions of Sections 5 and 6, and having done so, agrees that the restrictions set forth in Sections 5 and 6, including, but not limited to, the time period of restriction and the geographical area of restriction set forth in Section 6, are fair and reasonable and are reasonably required for the protection of the interests of the Company and the Franchisor.

[11]. For franchises located in the State of Indiana, the last two lines of Section 6 will read "cheesesteak sandwiches or submarine sandwiches, or both, for sale within a radius of one (1) mile around any Penn Station restaurant owned by the Company." For franchises located in the State of North Dakota, Section 6 will be amended to add immediately prior to the period contained therein"; *provided* that, the covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06".

(b) In the event that any provision of Section 6 relating to the time period and/or the areas of restriction and/or related aspects shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems reasonable and enforceable, such time period and/or areas of restriction and/or related aspects deemed reasonable and enforceable by such court shall become and thereafter be the maximum restriction in such regard, and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court.

8. REMEDY FOR BREACH OF EMPLOYEE'S COVENANTS FOR NON-DISCLOSURE AND NON-COMPETITION.

It is expressly acknowledged and agreed that the Franchisor is a third party beneficiary to the non-disclosure and non-competition covenants of the Employee set forth in Sections 5 and 6. In the event of a breach or threatened breach of any of the covenants in Sections 5 or 6, either or both of the Company or the Franchisor (alone or together) shall have the right to enforce these covenants. A breach of any of the agreements or restrictive covenants under either or both of Sections 5 or 6 will cause irreparable harm to the Company and to the Franchisor and actual damages may be difficult to ascertain and, in any event, may be inadequate. Accordingly, the Employee agrees that if he or she breaches the provisions of either or both of Sections 5 or 6, either or both of the Company or the Franchisor (alone or together) will be entitled to injunctive relief in addition to all other legal or equitable remedies as may be available to the Company and the Franchisor. Any injunction may be against the Employee or against the Employee's partners, agents, representatives, servants, employers, employees, family members and/or any and all persons acting directly or indirectly by or with him or her, to prevent or restrain any such breach. The duration of any of the agreements or restrictive covenants in Section 6 will not include any period of time that the Employee is in violation of them or any period of time required for litigation to enforce these agreements or restrictive covenants.

EXHIBIT D TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

List of Penn Station
Franchisees as of 12/31/~~19~~2020:

Georgia Shiraz Restaurants, LLC 2566 Briarcliff Road NE Atlanta, GA 30329 MO: Natasha Hudda (404) 500-4294	~~UMG Investments, LLC~~ ~~3320 Lawrenceville Suwanee Rd.~~ ~~Suwanee, GA 30024~~ ~~MO: Pending~~ ~~(678) 288-9948~~	UMG Investments, LLC 3320 Lawrenceville Suwanee Rd. Suwanee, GA 30024 MO: Pending (678) 288-9948
Illinois		
~~4L2J Management, LLC~~ ~~282 South Weber Road~~ ~~Bolingbrook, IL 60490~~ ~~MO: Juana Morales-Castro~~ ~~(630) 755-4911~~Chicago Sub Station, LLC 801 E. Butterfield Road Lombard, IL, 60148 MO: Kevin Hahn (630) 368-1850	JDL-Penn, Inc. 2 East Main Street Danville, IL 61832 MO: Ron Slusher (217) 446-9850	Khan Solution, Inc. 2085 West Highway 50 Fairview Heights, IL 62208 MO: Lisa Khan (618) 632-7366
~~Khan Solution, Inc.~~ ~~2085 West Highway 50~~ ~~Fairview Heights, IL 62208~~ ~~MO: Lisa Khan~~ ~~(618) 632-7366~~Khan Solution, Inc. 3463 Nameoki Road Granite City, IL 62040 MO: Lisa Khan (618) 452-0500	Khan Solution, Inc. 1126 Collinsville Crossing Collinsville, IL 62234 MO: Lisa Khan (618) 344-3400	Khan Solution, Inc. 231 Harvard Drive Edwardsville, IL 62025 MO: Lisa Khan (681) 656-0777
~~Khan Solution, Inc.~~ ~~231 Harvard Drive~~ ~~Edwardsville, IL 62025~~ ~~MO: Lisa Khan~~ ~~(681) 656-0777~~Khan Solution, Inc.	NicDan Foods, LLC 7158 Carpenter Road Skokie, IL 60077 MO: Tony Zagone (224) 534-7430	Rock & Fire, LLC 4620 North University Peoria, IL 61614 MO: Matt Miller (309) 966-9941

651 Carlyle Avenue
Belleville, IL 62221
MO: Lisa Khan
(618) 277-7786

Rock & Fire, LLC
906 West Town Center Blvd.
Champaign, IL 61822
MO: Matt Miller
(217) 403-1990

~~Rock & Fire, LLC~~
~~2983 Lindbergh Boulevard~~
~~Springfield, IL 62704~~
~~MO: Matt Miller~~
~~(217) 670-0389~~

Rock & Fire, LLC
2983 Lindbergh Boulevard
Springfield, IL 62704
MO: Matt Miller
(217) 670-0389

Rock & Fire, LLC
2524 North Dirksen Pkwy
Springfield, IL 62704
MO: Matt Miller
(217) 679-0057

Rock & Fire, LLC
1260 St. Rt. 51, Suite A
Forsyth, IL 62535
MO: Matt Miller
(217) 330-7210

~~Rock & Fire, LLC~~
~~4620 North University~~
~~Peoria, IL 61614~~
~~MO: Matt Miller~~
~~(309) 966-9941~~

Indiana

Bookwalter Subs, Inc.
2202 South Bend Ave.
South Bend, IN 46635
MO: Todd Bookwalter
(574) 855-2432

Bookwalter Subs, Inc.
4007 North Main Street
Mishawaka, IN 46545
MO: Todd Bookwalter
(574) 855-217-8093

Bookwalter Subs, Inc.
335 County Road 6
Elkhart, IN 46514
MO: Todd Bookwalter
(574) 389-0033

Chinsky Restaurant Group, Inc.
1089 Broad Ripple
Indianapolis, IN 46220
MO: Rob Chinsky
(317) 202-7366

Chinsky Restaurant Group, Inc.
4820 West 57th Street
Indianapolis, IN 46254
MO: Rob Chinsky
(317) 347-7366

Chinsky Restaurant Group, Inc.
8246 Rockville Road
Indianapolis, IN 46214
MO: Rob Chinsky
(317) 209-7366

Chinsky Restaurant Group, Inc.
1004 Shadeland Ave Suite B
George Thomas Shopping Center
Indianapolis, IN 46219
MO: Rob Chinsky
(317) 356-7366

Chinsky Restaurant Group, Inc.
6629 East 82nd Street
Indianapolis, IN 46250
MO: Rob Chinsky
(317) 849-7366

Chinsky Restaurant Group, Inc.
10065 E. Washington Street
Indianapolis, IN 46229
MO: Rob Chinsky
(317) 897-7366

Chinsky Restaurant Group, Inc.
835 Beachway Drive, Suite 100
Indianapolis, IN 46224
MO: Rob Chinsky
(317) 243-7366

Chinsky Restaurant Group, Inc.
841 S. Range Line Rd. Suite 100
Carmel, IN 46032
MO: Rob Chinsky
(317) 569-7366

Chinsky Restaurant Group, Inc.
9781 East 116th Street
Fishers, IN 46038
MO: Rob Chinsky
(317) 578-7366

Chinsky Restaurant Group, Inc.
2630 East Conner Street
Noblesville, IN 46060
MO: Rob Chinsky
(317) 774-7366

Chinsky Restaurant Group, Inc.
10635 Pendleton Pike
Indianapolis, IN 46036
MO: Rob Chinsky
(317) 823-7366

Chinsky Restaurant Group, Inc.
1300 East 86th Street
Indianapolis, IN 46240
MO: Rob Chinsky
(317) 846-7366

Chinsky Restaurant Group, Inc.
3313 N. Everbrook Lane
Muncie, IN 47304
MO: Rob Chinsky
(765) 284-8825

Chinsky Restaurant Group, Inc.
1375 South Lebanon St.
Lebanon, IN 46052
MO: Rob Chinsky
(765) 482-0736

Chinsky Restaurant Group, Inc.
331 West Northfield Drive
Brownsburg, IN 46112
MO: Rob Chinsky
(317) 852-7366

Chinsky Restaurant Group, In.
3269 West 86th Street
Indianapolis, IN 46268
MO: Rob Chinsky
(317) 872-7366

Chinsky Restaurant Group, Inc.
2230 Stafford Road
Plainfield, IN 46168
MO: Rob Chinsky
(317) 838-8180

Chinsky Restaurant Group, Inc.
755 East State Road 32
Westfield, IN 46168
MO: Rob Chinsky
(317) 763-5182

Good Bites, Inc.
3540 State Route 38E, Suite 701
Lafayette, IN 47905
MO: Kirk Adams
(765)-448-9957

Good Bites, Inc.
1510 Win Hentschel
West Lafayette, IN 47906
MO: Kirk Adams
(765) 497-1669

Hoosier, P.S. Inc.
255B South State Road 135
Greenwood, IN 46142
MO: Greg Bennett
(317) 865-7366

Hoosier PS, Inc.
6810 South Emerson Ave
Suite H
Indianapolis, IN 46237
MO: Greg Bennett
(317) 784-7300

Hoosier P.S., Inc.
256 North Jacob Drive
Bloomington, IN 47404
MO: Greg Bennett
(812) 331-7300

Hoosier PS, Inc.
3429 South East Street
Suite E
Indianapolis, IN 46227
MO: Greg Bennett
(317) 786-7366

Hoosier P.S., Inc.
4231 Scatterfield Road
Anderson, IN 46013
MO: Greg Bennett
(765) 642-0061

Hoosier PS, Inc.
1143 North Morton St.
Franklin, IN 46131
MO: Greg Bennett
(317) 346-7366

Hoosier P.S., Inc.
1667 North State Street
Greenfield, IN 46140
MO: Greg Bennett
(317) 462-4444

Hoosier PS, Inc.
1310 National Rd.
Suite B
Columbus, IN 47201
MO: Greg Bennett
(812) 372-7600

Hoosier PS, Inc.
2558 East State Road 44
Shelbyville, IN 46176
MO: Greg Bennett
(317) 398-7100

Hoosier PS, Inc.
7910 South US Hwy 31
Indianapolis, IN 46227
MO: Greg Bennett
(317) 563-7366

~~Hoosier, P.S.~~Hospitality Food Group, Inc.
~~212 South Indiana Avenue~~
1125 East Dupont Road
~~Bloomington, IN 47408~~Fort Wayne, IN 46825
MO: ~~Greg Bennett~~Doug Brown
(~~812) 333-7366~~260) 338-2376

Hospitality Food Group, Inc.
~~1125 East Dupont~~4916 Illinois Road
Fort Wayne, IN ~~46825~~ 46804
MO: Doug Brown
(260) ~~338~~449-~~2376~~9441

Hospitality Food Group, Inc.
~~4916 Illinois~~6037 Stellhorn Road
~~Fort~~Ft. Wayne, IN ~~46804~~46815
MO: Doug Brown
(260) ~~449~~755-~~9441~~3761

Hospitality Food Group, Inc.
~~6037 Stellhorn Road~~
~~Ft~~818 East Coliseum Blvd.
Fort Wayne, IN ~~46815~~46805
MO: Doug Brown
(260) 755-~~3761~~1257

~~Hospitality Food Group, Inc.~~P.S. Harrison, LLC
~~818~~1500 East ~~Coliseum Blvd.~~Main Street
~~Fort Wayne, IN 46805~~Richmond, IN 47374
MO: ~~Doug Brown~~Jim Small
(~~260) 755-1257~~765) 939-0687

P.S. ~~Harrison~~Wirka, ~~LLC~~Ltd.
~~1500 East Main Street~~
688 W. Eads Parkway
~~Richmond, IN 47374~~Lawrenceburg, IN 47025
MO: ~~Jim Small~~Rick Holt
(~~765) 939-0687~~812) 539-7366

~~P.S. Wirka, Ltd.~~ ~~688 W. Eads Parkway~~ ~~Lawrenceburg, IN 47025~~ ~~MO: Rick Holt~~ ~~(812) 539-7366~~	The Stahlhut Restaurant Group 1620 US 41 Schererville, IN 46375 MO: Ryan Stahlhut (219) 865-3080	Tri-State Cheesesteaks, LLC 137 North Burkhardt Road Evansville, IN 47715 MO: Amanda Vaughan (812) 479-7366	Tri-State Cheesesteaks, LLC 5310 Pearl Drive Evansville, IN 47712 MO: Amanda Vaughan (812) 434-7366
~~Tri-State Cheesesteaks, LLC~~ ~~5310 Pearl Drive~~ ~~Evansville, IN 47712~~ ~~MO: Amanda Vaughan~~ ~~(812) 434-7366~~	Tri-State Cheesesteaks, LLC 3642 US 41 South Terre Haute, IN 47802 MO: Amanda Vaughan (812) 244-0406	Tri-State Cheesesteaks, LLC 2736 B Wabash Avenue Terre Haute, IN 47803 MO: Amanda Vaughan (812) 232-7366	Tri-State Cheesesteaks, LLC 3104 John Williams Blvd. Bedford, IN 47421 MO: Amanda Vaughan (812) 675-8154
~~Tri-State Cheesesteaks, LLC~~ ~~3104 John Williams Blvd.~~ ~~Bedford, IN 47421~~ ~~MO: Amanda Vaughan~~ ~~(812) 675-8154~~	Tri-State Cheesesteaks, LLC 4827 Davis Lant Drive Evansville, IN 47715 MO: Amanda Vaughan (812) 402-7366	Tri-State Cheesesteaks, LLC 8887 High Pointe Drive Newburgh, IN 47630 MO: Amanda Vaughan (812) 401-7366	Vissing, Inc. 2154 New Albany Plaza New Albany, IN 47150 MO: Greg Vissing (812) 941-9600
~~Vissing, Inc.~~ ~~2154 New Albany Plaza~~ ~~New Albany, IN 47150~~ ~~MO: Greg Vissing~~ ~~(812) 941-9600~~	Vissing, Inc. 3310 Highway 62 Jeffersonville, IN 47130 MO: Greg Vissing (812) 218-8400	Vissing, Inc. 4317 Charlestown Road New Albany, IN 47150 MO: Greg Vissing (812) 944-9310	
~~Kansas~~ ~~PS Kansas City, LLC~~ ~~8667 West 135th Street~~ ~~Overland Park, KS 66223~~ ~~MO: Jim Wilkins~~ ~~(913) 897-7827~~	Kansas PS~~2~~-Kansas City, LLC ~~149918~~667 West ~~119~~135th Street ~~Olathe, KS 66062~~Overland Park, KS 66223 MO: Jim Wilkins (913) ~~397~~897-~~0557~~7827		

Kentucky

AMPM Enterprises, Inc.
2355 Buttermilk Crossing
Crescent Springs, KY 41017
MO: Max Montoya
(859) 331-6585

AMPM Enterprises, Inc.
6094 Limaburg Road
Oakbrook Marketplace
Burlington, KY 41005
MO: Max Montoya
(859) 647-7366

AMPM Enterprises, Inc.
282 Richwood Road
Walton, KY 41094-9526
MO: Max Montoya
(859) 485-2900

AMPM Enterprises, Inc. 3449 Valley Plaza Parkway Ft. Wright, KY 41017 MO: Max Montoya (859) 331-7366	AMPM Enterprises, Inc. 105 Lawson Drive Georgetown, KY 40324 MO: Max Montoya (502) 570-0270	AMPM Enterprises, Inc. 77 Broadway Dry Ridge, KY 41035 MO: Max Montoya (859) 824-7366
BJM Management, Inc. 1704 Monmouth Street Newport, KY 41071 MO: Bill Lanzit (859) 291-7100	BJM Management, Inc. 3980 Alexandria Pike Cold Spring, KY 41076 MO: Bill Lanzit (859) 781-7300	BJM Management, Inc. 183 Wal-Mart Way Maysville, KY 41056 MO: Bill Lanzit (606) 759-0076
Cincinnati Cheesesteaks, Inc.** 7820 US 42 Florence, KY 41042 MO: Patty Partusch (859) 282-7366	Cincinnati Cheesesteaks, Inc. 2010 North Bend Road Hebron, KY 41048 MO: Patty Partusch (859) 689-5666	~~Pennso, Inc.~~ ~~2780 New Holt Road~~ ~~Suite E~~ ~~Paducah, KY 42001~~ ~~MO: Rhonda Graham~~ ~~(270) 444-2021~~
NV Ventures, LLC 651 US 31 West Bypass Suite 109 Bowling Green, KY 42101 MO: Jason Day (270) 282-4200	Pennso, Inc. 2780 New Holt Road Suite E Paducah, KY 42001 MO: Rhonda Graham (270) 444-2021	Pennso, Inc. 3215 Irvin Cobb Drive Paducah, KY 42003 MO: Rhonda Graham (270) 415-3500
Pennso, Inc. ~~3215 Irvin Cobb Drive~~ 110 South 12th Street ~~Paducah, KY 42003~~Murray, KY 42701 MO: Rhonda Graham (270) ~~415~~761-~~3500~~7366	~~Pennso, Inc~~PS Lexington Ltd. ~~110~~1080 South ~~12th~~ ~~Street~~Broadway, Suite 101 ~~Murray, KY 42701~~Lexington, KY 40504 MO: ~~Rhonda Graham~~Chris Bowen (~~270~~859) ~~761~~254-7366	PS Lexington Ltd. ~~1080 South Broadway, Suite 101~~ 2220 Nicholasville Rd., Unit 160 Lexington, ~~KY 40504~~Ky 40503 MO: Chris Bowen (859) ~~254~~278-7366
PS Lexington, Ltd. ~~2220 Nicholasville Rd., Unit 160~~ ~~Lexington, Ky 40503~~ 304 Brighton Park Blvd. Frankfort, KY40601 MO: Chris Bowen (~~859) 278-7366~~502) 695-8007	PS Lexington, Ltd. ~~304 Brighton Park Blvd.~~ 3090 Old Todds Road, Suite 305 ~~Frankfort, KY40601~~Lexington, KY 40509 MO: Chris Bowen (~~502) 695-8007~~859) 263-7713	PS Lexington, Ltd. ~~3090 Old Todds Road, Suite 305~~ 1719 North Broadway Lexington, KY ~~40509~~40505 MO: Chris Bowen (859) ~~263~~294-~~7713~~7766
PS Lexington, Ltd.	PS Lexington, Ltd.	PS Lexington, Ltd.

** Restaurants operated by Franchisees who are (i) persons listed in Item 2 of the Disclosure Document, (ii) immediate family members of persons listed in Item 2 of the Disclosure Document, or (iii) business entities owned by any persons listed in Item 2 of the Disclosure Document or by their immediate family members.

~~1719 North Broadway~~ 620 Eastern Bypass ~~Lexington, KY 40505~~Richmond, KY 40475 MO: Chris Bowen (859) ~~294-7766~~ 623-9990	~~620 Eastern Bypass~~ 849 South Highway 27 Suite 1 ~~Richmond, KY 40475~~Somerset, KY 42501 MO: Chris Bowen (~~859) 623-9990~~606) 678-7366	~~849 South Highway 27~~ ~~Suite 1~~ 112 Blueberry Lane ~~Somerset, KY 42501~~Nicholasville, KY 40356 MO: Chris Bowen (~~606) 678-7366~~859) 885-9990
~~PS Lexington, Ltd.~~ ~~112 Blueberry Lane~~ ~~Nicholasville, KY 40356~~ ~~MO: Chris Bowen~~ ~~(859) 885-9990~~	~~PS Lexington, Ltd.~~ ~~1303 US 127 South~~ ~~Frankfort, KY 40601~~ ~~MO: Chris Bowen~~ ~~(502) 352-2299~~	~~PS Lexington, Ltd.~~ ~~1750 West Highway 192~~ ~~London, KY 40741~~ ~~MO: Chris Bowen~~ ~~(606) 864-7366~~

PS Lexington, Ltd. 1303 US 127 South Frankfort, KY 40601 MO: Chris Bowen (502) 352-2299	PS Lexington, Ltd. ~~2121 Richmond Rd.~~ ~~Suite 100~~ 1750 West Highway 192 ~~Lexington, KY 40502~~London, KY 40741 MO: Chris Bowen ~~(859) 623-9990~~ 606) 864-7366	~~Tenn Penn Mgmt., Inc~~PS Lexington, Ltd. ~~2508 Scottsville Road~~ 2121 Richmond Rd. Suite 100 ~~Bowling Green, KY 42104~~Lexington, KY 40502 MO: Chris ~~Frederick~~Bowen (~~270) 282-2882~~859) 623-9990	~~Tenn Penn Mgmt., Inc.~~ ~~651 US 31 West Bypass~~ ~~Suite 109~~ ~~Bowling Green, KY 42101~~ ~~MO: Chris Frederick~~ ~~(270) 282-4200~~
PS Lexington, Ltd. 202 Skywatch Drive Danville, KY 40422 MO: Chris Bowen (859) 209-2329	Triple Crown Cheesesteaks, LLC 4247 Outer Loop Louisville, KY 40219 MO: ~~Don Robinson~~Jeremy Goodin (502) 964-2200	Triple Crown Cheesesteaks, LLC 4600 Shelbyville Road, Suite 637 Louisville, KY 40207 MO: ~~Don Robinson~~Jeremy Goodin (502) 721-7366	~~Triple Crown Cheesesteaks, LLC~~ ~~1933 Blankenbaker Parkway~~ ~~Louisville, KY 40299~~ ~~MO: Don Robinson~~ ~~(502) 267-1925~~
Triple Crown Cheesesteaks, LLC 1933 Blankenbaker Parkway Louisville, KY 40299 MO: Jeremy Goodin (502) 267-1925	Triple Crown Cheesesteaks, LLC 1811 North Dixie Highway #7 Elizabethtown, KY 42701 MO: ~~Don Robinson~~Jeremy Goodin (270) 360-0377	Triple Crown Cheesesteaks, LLC 6661 Dixie Highway Louisville, KY 40258 MO: ~~Don Robinson~~Jeremy Goodin (502) 933-7345	~~Triple Crown Cheesesteaks, LLC~~ ~~6525 Bardstown Rd.~~ ~~Louisville, KY 40291~~ ~~MO: Don Robinson~~ ~~(502) 231-9929~~
Triple Crown Cheesesteaks, LLC 6525 Bardstown Rd. Louisville, KY 40291 MO: Jeremy Goodin (502) 231-9929	Triple Crown Cheesesteaks, LLC 2017 S. Hurstbourne Pkwy Louisville, KY 40220 MO: ~~Don Robinson~~Jeremy Goodin (502) 491-8282	Triple Crown Cheesesteaks, LLC 300 West Woodlawn Avenue, Suite 102 Louisville, KY 40214 MO: ~~Don Robinson~~Jeremy Goodin (502) 363-6667	~~Triple Crown Cheesesteaks, LLC~~ ~~1945 North Dixie Blvd.~~ ~~Radcliff, KY 40160~~ ~~MO: Don Robinson~~ ~~(270) 351-7366~~
Triple Crown Cheesesteaks, LLC	Triple Crown Cheesesteaks, LLC	Triple Crown Cheesesteaks, LLC	~~Triple Crown Cheesesteaks,~~

1945 North Dixie Blvd. Radcliff, KY 40160 MO: Jeremy Goodin (270) 351-7366	4000 Dixie Highway Louisville, KY 40216 MO: ~~Don Robinson~~Jeremy Goodin (502) 448-4334	3707 Chamberlain Lane Suite 105 Louisville, KY 40241 MO: ~~Don Robinson~~Jeremy Goodin (502) 426-2524	~~LLC~~ ~~1631 Midland Trail~~ ~~Louisville, KY 40065~~ ~~MO: Don Robinson~~ ~~(502) 633-0305~~
Triple Crown Cheesesteaks, LLC 1631 Midland Trail Louisville, KY 40065 MO: Jeremy Goodin (502) 633-0305	Triple Crown Cheesesteaks, LLC 2204 Heather Lane Louisville, KY 40218 MO: ~~Don Robinson~~Jeremy Goodin (502) 458-2625	Triple Crown Cheesesteaks, LLC 3928 Dutchmans Lane Louisville, KY 40207 MO: ~~Don Robinson~~Jeremy Goodin (502) 891-4100	~~Triple Crown Cheesesteaks, LLC~~ ~~100 West John Rowan Blvd.~~ ~~Bardstown, KY 40004~~ ~~MO: Don Robinson~~ ~~(502) 331-9012~~
Triple Crown Cheesesteaks, LLC 100 West John Rowan Blvd. Bardstown, KY 40004 MO: Jeremy Goodin (502) 331-9012	Triple Crown Cheesesteaks, LLC 3035 Preston Highway Louisville, KY 40217 MO: ~~Don Robinson~~Jeremy Goodin (502) 634-5656	Triple Crown Cheesesteaks, LLC 5009 Mudd Lane Louisville, KY 40229 MO: ~~Don Robinson~~Jeremy Goodin (502) 962-2141	~~Triple Crown Cheesesteaks, LLC~~ ~~10800 Dixie Highway~~ ~~Louisville, KY 40272~~ ~~MO: Don Robinson~~ ~~(502) 409-5309~~
Triple Crown Cheesesteaks, LLC 10800 Dixie Highway Louisville, KY 40272 MO: Jeremy Goodin (502) 409-5309	Triple Crown Cheesesteaks, LLC 2407-A Brownsboro Road Louisville, KY 40206 MO: ~~Don Robinson~~Jeremy Goodin (502) 742-9931	Triple Crown Cheesesteaks, LLC 544 Conestogo Parkway Suite 511 Shepherdsville, KY 40165 MO: ~~Don Robinson~~Jeremy Goodin (502) 921-0447	~~Tri State Cheesesteaks, LLC~~ ~~3525 Frederica St.~~ ~~Suite 5~~ ~~Owensboro, KY 42301~~ ~~MO: Amanda Vaughan~~ ~~(270) 683-1515~~

Tri-State Cheesesteaks, LLC 3525 Frederica St. Suite 5 Owensboro, KY 42301 MO: Amanda Vaughan (270) 683-1515	Tri-State Cheesesteaks, LLC 1111 Barrett Blvd. Henderson, KY 42420 MO: Amanda Vaughan (270) 826-7361	Tri-State Cheesesteaks, LLC 3023 Highland Point Drive Owensboro, KY 42303 MO: Amanda Vaughan (270) 852-8888	~~Venture Four, LLC~~ ~~244 Cassady Blvd.~~ ~~Pikeville, KY 41501~~ ~~MO: Ann Vanover~~ ~~(606) 509-7366~~
Venture Four, LLC 244 Cassady Blvd. Pikeville, KY 41501 MO: Ann Vanover (606) 509-7366	Venture Two, LLC 119 6th Street Ashland, KY 41101 MO: Ann Vanover (606) 324-9272	Venture Two, LLC 413 Flemingsburg Road Morehead, KY 40351 MO: Ann Vanover (606) 783-0015	
Michigan	~~Michigan~~		
3 Keys Holdings, LLC 4630 W. Main Street Kalamazoo, MI 49006 MO: Ben Welke (269) 903-2425	3 Keys Holdings, LLC ~~4630 W. Main Street~~ 6778 South Westnedge Avenue ~~Kalamazoo, MI 49006~~Portage, MI 49002 MO: Ben Welke (269) ~~903-2425~~366-4583	~~3 Keys Holdings~~Beverly Hills PS, LLC ~~6778 South Westnedge Avenue~~ ~~Portage, MI 49002~~ ~~MO: Ben Welke~~ ~~(269) 366-4583~~ ~~Bern Dog Enterprises, LLC~~ ~~146 Main Street~~ ~~Rochester, MI 48307~~ 17676 West 13 Mile Rd. Beverly Hills, MI 48025 MO: ~~Bernie~~Sean Marconi (248) ~~601-4663~~433.3200	

Grand Rapids PS, LLC
6333 Kalamazoo Avenue
Kentwood, MI 49508
MO: Ben Welke
(616) 698-1979

Gratiot PS, LLC
44629 N. Gratiot Avenue
Clinton Township, MI 48036
MO: Sean Marconi
(586) 463-7827

~~Beverly Hills~~Kalamazoo PS, LLC
~~17676 West 13 Mile Rd.~~
5909 Gull Road
~~Beverly Hills, MI 48025~~Kalamazoo, MI 49048
MO: ~~Sean Marconi~~Ben Welke
(~~248) 433.3200~~
269) 903-2500

~~Kalamazoo PS~~Kellogg Ventures, ~~LLC~~Inc.
~~5909 Gull Road~~
3020 East Saginaw
~~Kalamazoo, MI 49048~~Lansing, MI 48912
MO: ~~Ben Welke~~Cheryl Kellogg
(~~269) 903-2500~~517) 993-5016

Kellogg Ventures, Inc.
~~3020 East~~5417B W Saginaw Highway
Lansing, MI ~~48912~~48917
MO: Cheryl Kellogg
(517) ~~993-5016~~977-1423

~~Kellogg Ventures, Inc.~~Motor City PS1, LLC
~~5417B W Saginaw Highway~~
44431 Ann Arbor Road
~~Lansing, MI 48917~~Plymouth, MI 48170
MO: ~~Cheryl Kellogg~~Stewart Napier
(~~517) 977-1423~~
734) 459-2500

~~P.S. Venture Holdings,~~Motor City PS2, LLC
~~100 West Twelve Mile~~
22020 Eureka Road
~~Madison Heights, MI 48071~~Taylor, MI 48180
MO: ~~Joe Shields~~Stewart Napier
(~~248) 547-1800~~
734) 287-9700

P.S. Venture Holdings, LLC
~~8373 E 12th~~100 West Twelve Mile ~~Rd.~~
~~Warren, MI 48093~~Madison Heights, MI 48071
MO: Joe Shields
(~~586) 558-8222~~248) 547-1800

~~Motor City PS-Woodhaven~~P.S. Venture Holdings, LLC
~~23065 Allen Rd~~8373 E 12th Mile Rd.
~~Woodhaven, MI 48183~~Warren, MI 48093
MO: ~~Stewart Napier~~Joe Shields
(~~734) 671-1920~~
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~~Motor City PS1, LLC~~PSMI, Group, Inc.
~~44431 Ann Arbor~~8425 North Wayne Road
~~Plymouth, MI 48170~~Westland, MI 48185
MO: ~~Stewart Napier~~Kevin Pilon
(734) ~~459-2500~~

~~RJS Ventures, LLC~~
~~4165 B 24th Ave.~~
~~Fort Gratiot, MI 48059~~
~~MO: Don Geysen~~
~~(810) 216-6776~~
425-7366

~~Motor City PS2, LLC~~
~~22020 Eureka Road~~
~~Taylor, MI 48180~~
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RJS Ventures, LLC
2124 Metropolitan Parkway
Sterling Heights, MI 48130
MO: Don Geysens
(586) 268-1009

~~PSMI, Group, Inc.~~
~~8425 North Wayne Road~~
~~Westland, MI 48185~~
~~MO: Kevin Pilon~~
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RJS Ventures, LLC
56545 Van Dyke Avenue
Shelby Township, MI 48316
MO: Don Geysens
(586) 697-5523

~~TBFY~~Rochester PS, ~~Inc.~~LLC
~~24274 Novi Road~~
146 Main Street
~~Novi, MI 48375~~Rochester, MI 48307
MO: ~~Jerry Kaplan~~Sean Marconi
(248) ~~374-0800~~

TBFY, Inc.
24274 Novi Road
Novi, MI 48375
MO: Jerry Kaplan
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601-4663

Missouri	~~Missouri~~		
Brown and Robinson, LLC 3824 Hampton Avenue St. Louis, MO 63109 MO: Cory Brown (314) 352-8423	Brown ~~and~~& Robinson, LLC ~~3824 Hampton Avenue~~ 7321 S. Lindbergh St. Louis, MO~~63109~~ 63125 MO: Cory Brown (314) ~~352~~845-~~8423~~7366	~~Brown & Robinson, LLC~~ ~~7321 S. Lindbergh~~ ~~St. Louis, MO63125~~ ~~MO: Cory Brown~~ ~~(314) 845-7366~~Brown and Robinson, LLC 8035 Watson Road Webster Groves, MO 63119 MO: Cory Brown (314) 918-1500	
Brown & Robinson, L.L.C. 68 Fenton Plaza Fenton, MO 63026 MO: Cory Brown (636) 305-9100	Brown & Robinson, ~~L.L.C.~~LLC ~~68 Fenton Plaza~~ 844 Arnold Commons ~~Fenton, MO 63026~~Arnold, MO 63010 MO: Cory Brown (636) ~~305-9100~~296-4455	~~Brown & Robinson, LLC~~ ~~844 Arnold Commons~~ ~~Arnold, MO 63010~~ ~~MO: Cory Brown~~ ~~(636) 296-4455~~ Brown and Robinson, LLC 1774 South Hanley Rd. Richmond Heights, MO 63117 MO: Cory Brown (314) 781-8600	
EC Subs, Ltd. 12201-A Dorsett Road Maryland Heights, MO 63043 MO: Scott Roberts (314) 298-1200	EC Subs, Ltd. 3828 S. Lindbergh Suite 113 Sunset Hills, MO 63127 MO: Scott Roberts (314) 849-0022	EC Subs, Inc. 15244 Manchester Road Ballwin, MO 63011 MO: Scott Roberts (636) 527-6265	~~EC Subs, Inc.~~ ~~12507 Olive Boulevard~~ ~~St. Louis, MO 63141~~ ~~MO: Scott Roberts~~ ~~(314) 576-7366~~
EC Subs, Inc. 12507 Olive Boulevard St. Louis, MO 63141 MO: Scott Roberts (314) 576-7366	EC Subs, Inc. 480 THF Boulevard Chesterfield, MO63005 MO: Scott Roberts (636) 536-7445	GR Business Enterprises, LLC 900 East Battlefield Street Springfield, MO 65807 MO: Jonathon Miller (417) 888-0222	~~Pennmo Ventures, LLC~~ ~~10466 St. Charles Rock Road~~ ~~St. Ann, MO 63074~~ ~~MO: Joe Robison~~ ~~(314) 426-7366~~

Pennmo Ventures, LLC 10466 St. Charles Rock Road St. Ann, MO 63074 MO: Joe Robison (314) 426-7366	Pennmo Ventures, LLC 8473 Lindbergh Blvd Florissant, MO 63031 MO: Joe Robison (314) 921-8900	Pennmo Ventures, LLC 1 A North Oaks Plaza Suite A Northwoods, MO 63121 MO: Joe Robison (314) 389-7366	~~Pennso, Inc. 127 Siemers Road Cape Girardeau, MO, 63701 MO: Rhonda Graham (573) 332-0056~~
PennMo, LLC 127 Siemers Road Cape Girardeau, MO, 63701 MO: BrianGraham (573) 332-0056	PS ST. Louis Inc. 318 Mid Rivers Mall Drive St. Peters, MO 63376 MO: Bill Moore (636) 397-8223	PS ST. Louis, Inc. 337 Winding Woods Drive O'Fallon, MO 63366 MO: Bill Moore (636) 474-0800	~~PS ST. Louis, III, LLC. 1932 Zumbehl Rd. St. Charles, MO 63303 MO: Bill Moore (636) 925-2900~~
PS ST. Louis, III, LLC. 1932 Zumbehl Rd. St. Charles, MO 63303 MO: Bill Moore (636) 925-2900	PS ST. Louis, IV, LLC. 1780 Wentzville Parkway Wentzville, MO 63085 MO: Bill Moore (636) 639-6020	PS ST. Louis, V, LLC. 6124 Mid Rivers Drive Cottlesville, MO 63304 MO: Bill Moore (636) 317-1495	~~Riksean Enterprise, LLC 205 East Nifong Blvd. Columbia, MO 65203 MO: Sean Bell (573) 499-1000~~

~~Wally W, Inc~~Riksean Enterprise, LLC
205 East Nifong Blvd.
~~12201 A Dorsett Road~~
~~Maryland Heights, MO 63043~~Columbia, MO 65203
MO: ~~Wally Weiprecht~~Sean Bell
(~~314) 298-1200~~
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1748 Blowing Rock Road
Boone, NC 28607
MO: James Simmons
(826) 266-0120

Carolina Subs, LLC
1013 Market Center Drive
Morrisville, NC 27560
MO: Jeff Martyn
(919) 388-3368

Carolina Subs, LLC
14141 Steele Creek Road
Charlotte, NC 28273
MO: Jeff Martyn
(704) 588-5565

Carolina Subs, LLC
~~301 Pisgah Church Road~~
19116 West Catawba Ave
Suite A
~~Greensboro, NC 27455~~Cornelius, NC, 28031
MO: Jeff Martyn
(~~336) 617-0492~~704) 896-5530

Carolina Subs, LLC
~~700 Cary Town Blvd.~~
301 Pisgah Church Road
Suite A
~~Cary, NC 27511~~Greensboro, NC 27455
MO: Jeff Martyn
(~~919) 234-134~~
336) 617-0492

Carolina Subs, LLC
~~5036 Arco Street~~
700 Cary Town Blvd.
Cary, NC ~~27519~~27511
MO: Jeff Martyn
(~~984) 228-8100~~919) 234-134

Carolina Subs, LLC
~~3001 Hillsborough~~5036 Arco Street
~~Raleigh, NC 27607~~Cary, NC 27519
MO: Jeff Martyn
(984) ~~232~~228-~~8444~~8100

~~Coastal Cheesesteaks~~Carolina Subs, LLC
~~6301 Falls of Neuse Road~~
3001 Hillsborough Street
Raleigh, NC ~~27615~~27607
MO: ~~Jerry Schott~~ Jeff Martyn
(~~919) 896-6871~~984) 232-8444

~~Froggy Ventures~~Coastal Cheesesteaks, LLC
~~4008 Mendenhall Oaks Parkway~~
6301 Falls of Neuse Road
~~High Point, NC 27265~~Raleigh, NC 27615
MO: ~~Vanessa Wood~~Jerry Schott
(~~336) 841-0029~~
919) 896-6871

~~Froggy Ventures, Inc.~~EFP Subs, LLC
~~4203 West Wendover~~
9805 Sandy Rock Place, Suite A
~~Greensboro, NC 27407~~Charlotte, NC 28277
MO: ~~Vanessa Wood~~Bekky Little

~~Heskamp Partners~~Froggy Ventures, LLC
~~9805 Sandy Rock Place, Suite A~~
4008 Mendenhall Oaks Parkway
~~Charlotte, NC 28277~~High Point, NC 27265
MO: ~~Tom Heskamp~~Vanessa Wood
(~~704) 847-7366~~336) 841-0029

~~Park Penn~~Froggy Ventures, ~~LLC~~Inc.
~~191164~~203 West ~~Catawba Ave~~Wendover
~~Suite A~~
~~Cornelius, NC, 28031~~Greensboro, NC 27407
MO: ~~Mark Nagy~~Vanessa Wood
(~~704) 896-5530~~

(~~336) 676-5176~~704) 847-7366

336) 676-5176

Park Penn, LLC
125 Remount Road
Charlotte, NC 28203
MO: Mark Nagy
(704) 525-5533

Penn Benn, LLC
8200 Renaissance Parkway
Durham, NC 27713
MO: Craig Benner
(919) 237-3044

Nebraska			
PS Omaha, LLC 2875 South 168th Omaha, NE 68130 MO: Kieran Fetter (402) 810-7366	PS Omaha, LLC 225 North 80th Street Omaha, NE 68114 MO: Kieran Fetter (402) 609-7366		
~~Ohio~~	Ohio		
~~Canton Sub Company 4364 Belden Village Street Canton, OH 44718 MO: Theodis Frazier (330) 491-9800~~	Canton Sub ~~Company~~Co., Inc. ~~4322 West Tuscarawas~~ 4364 Belden Village Street Canton, OH ~~44708~~44718 MO: Theodis Frazier (330) ~~479~~491-~~1106~~9800	~~Caspar Restaurant Enterprises~~Canton Sub Co., Inc.** ~~11796 Springfield Pike~~ 33003-B Aurora Road ~~Cincinnati, OH 45246~~Solon, OH 44139 MO: ~~Eric Benedict~~Theodis Frazier (~~513) 671-7366~~440) 287-2350	Canton Sub Co., Inc. 4322 West Tuscarawas Canton, OH 44708 MO: Theodis Frazier (330) 479-1106
Canton Sub Co., Inc. 1464 North Main Street North Canton, OH 44720 MO: Theodis Frazier (234) 236-0017	Caspar Restaurant Enterprises, Inc.** ~~—~~ 11796 Springfield Pike Cincinnati, OH 45246 MO: Eric Benedict (513) 671-7366	Caspar Restaurant Enterprises, Inc.** 1598 Goodman Avenue Cincinnati, OH 45224 MO: Eric Benedict (513) 522-0060	
~~Caspar Restaurant Enterprises, Inc.** 1598 Goodman Avenue Cincinnati, OH 45224 MO: Eric Benedict (513) 522-0060~~	Cincinnati Cheesesteaks, Inc.** 3644 Edwards Road Cincinnati, OH 45208 MO: Patty Partusch (513) 871-7366	Cincinnati Cheesesteaks, Inc.** 9547 Cincinnati-Columbus Road West Chester, OH 45069-4242 MO: Patty Partusch (513) 755-7557	Clifton Steak, LLC. 208 W. McMillan Street Cincinnati, OH 45219 MO: Sheri Keidel (513) 961-7366
~~Clifton Steak, LLC. 208 W. McMillan Street Cincinnati, OH 45219 MO: Sheri Keidel (513) 961-7366~~	DAD Restaurant Group, Inc. ~~5442 Liberty Square Drive~~ 95 North Main Street ~~Hamilton, OH 45011~~Springboro, OH 45066 MO: Ted Dartnall (~~513) 895-7366~~937) 748-5060	DAD Restaurant Group, Inc. ~~95 North Main Street~~ 5442 Liberty Square Drive ~~Springboro, OH 45066~~Hamilton, OH 45011 MO: Ted Dartnall (~~937) 748-5060~~513) 895-7366	DBT Acquisitions, In 1266 S. Holland-Sylvania Rd. Holland, OH 43528 MO: Nick Faris (419) 861-7366

~~DBT Acquisitions, In 1266 S. Holland-Sylvania Rd. Holland, OH 43528 MO: Nick Faris (419) 861-7366~~	DBT Acquisitions, Inc. 4798 Monroe Street Toledo, OH 43623 MO: Nick Faris (419) 475-7366	DBT Acquisitions, Inc. 10015 Fremont Pike Perrysburg, OH 43551 MO: Nick Faris (419) 872-7366	DBT Acquisitions, Inc. 2963 Navarre Ave. Oregon, OH 43616 MO: Nick Faris (419) 693-7366
~~DBT Acquisitions, Inc. 2963 Navarre Ave. Oregon, OH 43616 MO: Nick Faris (419) 693-7366~~	DBT Acquisitions, Inc. 821 West Alexis Road Suite E3 Toledo, OH 43612 MO: Nick Faris (419) 690-4377	Ety Road, LLC 1403 Ety Road Lancaster, OH 43130 MO: Eric Glenn (740) 654-5533	Fairfield PS, LLC 5401 Dixie Highway Fairfield, OH 45014 MO: Ted Dartnall (513) 829-8800
~~Fairfield PS, LLC 5401 Dixie Highway Fairfield, OH 45014 MO: Ted Dartnall (513) 829-8800~~	Fields Ertel PS, LLC 9962 Kings Auto Mall Drive Cincinnati, OH 45249 MO: Ted Dartnall (513) 683-7366	Hamilton East PS, LLC 1790 J. South Erie Highway Hamilton, OH 45011 MO: Ted Dartnall (513) 893-7366	Hamilton West PS, LLC 1075 Eaton Avenue Hamilton, OH 45013 MO: Ted Dartnall (513) 867-0022
~~Hamilton West PS, LLC 1075 Eaton Avenue Hamilton, OH 45013 MO: Ted Dartnall (513) 867-0022~~	Hartwell Steak, LLC 8401 Vine Street Cincinnati, OH 45216 MO: Dave Keidel (513) 407-7366	HB3 Bowling Green, LLC 1616 East Wooster Street Bowling Green, OH 43402 MO: Steve Pryor (419) 353-7366	HB3 Enterprises, LLC 2025 Tiffin Avenue Findlay, OH 45840 MO: Steve Pryor (567) 525-4506
~~HB3 Enterprises, LLC 2025 Tiffin Avenue Findlay, OH 45840 MO: Steve Pryor (567) 525-4506~~	HB3 Findlay-West, LLC 1044 Interstate Court Findlay, OH 45840 MO: Steve Pryor (567) 250-9801	HB3 Lima, LLC 2300 Elida Rd Suite 3 Lima, OH 45805 MO: Steve Pryor (567) 289-9436	HB3 Mansfield, LLC 2166 Walker Lake Road Mansfield, OH 44903 MO: Steve Pryor (567) 560-3201
~~HB3 Mansfield, LLC 2166 Walker Lake Road Mansfield, OH 44903 MO: Steve Pryor~~	HB3 Tiffin, LLC 596 West Market Street Tiffin, OH 44483 MO: Steve Pryor (567) 220-7741	Hill Road, LLC 2062 Baltimore-Reynoldsburg Rd. Reynoldsburg, OH 43068 MO: Eric Glenn	JDG, Inc. 5026 Delhi Pike Cincinnati, OH 45238 MO: Jim Keidel

~~(567) 560-3201~~		(614) 759-1700	(513) 451-2820
~~JDG, Inc.~~ ~~5026 Delhi Pike~~ ~~Cincinnati, OH 45238~~ ~~MO: Jim Keidel~~ ~~(513) 451-2820~~	J.T.D. Enterprises, Inc. 1625 E Kemper Road Cincinnati, OH 45246 MO: John Doyle (513) 772-7366	J.T.D. Enterprises, Inc. 7950 Hosbrook Road Cincinnati, OH 45243 MO: John Doyle (513) 891-7575	J.T.D. Enterprises, Inc. 8282 Beckett Park Drive West Chester, OH 45069 MO: John Doyle (513) 870-9494
~~J.T.D. Enterprises, Inc.~~ ~~8282 Beckett Park Drive~~ ~~West Chester, OH 45069~~ ~~MO: John Doyle~~ ~~(513) 870-9494~~ ~~J.T.D. Enterprises, Inc.~~ ~~5776 Cheviot Road~~ ~~Cincinnati, OH 45247~~ ~~MO: John Doyle~~ ~~(513) 385-730~~	J.T.D. Enterprises, Inc. 8880 Colerain Avenue Cincinnati, OH 45251 MO: John Doyle (513) 741-0070 ~~J.T.D. Enterprises, Inc.~~ ~~997 Belevedere Drive~~ ~~Lebanon, OH 45036~~ ~~MO: John Doyle~~ ~~(513) 932-1454~~	J.T.D. Enterprises, Inc. 1140 Kemper Meadow Dr. Forest Park, OH 45240 MO: John Doyle (513) 851-1300	J.T.D. Enterprises, Inc. 5776 Cheviot Road Cincinnati, OH 45247 MO: John Doyle (513) 385-7306
~~JTD Enterprises, Inc.~~ ~~6752~~ ~~Cincinnati-Dayton Rd.~~ ~~Liberty Township, OH 45044~~ ~~MO: John Doyle~~ ~~(513) 755-3999~~	~~JTD~~J.T.D. Enterprises, Inc. 997 Belevedere Drive ~~1304 Hamilton~~-Lebanon-~~Road~~, OH 45036 ~~Monroe, OH 45050~~ MO: John Doyle (513) ~~402-7426~~ 932-1454	~~McNaughten 55, LLC~~JTD Enterprises, Inc. ~~51 McNaughten Road~~ 6752 Cincinnati-Dayton Rd. ~~Columbus, OH 43213~~Liberty Township, OH 45044 MO: ~~Eric Glenn~~John Doyle (~~614) 864-7366~~513) 755-3999	JTD Enterprises, Inc. 1304 Hamilton-Lebanon Road Monroe, OH 45050 MO: John Doyle (513) 402-7426
~~Moore Subs, Inc.~~ ~~4416 Red Bank Expressway~~ ~~Cincinnati, OH 45227~~ ~~MO: Steve Moore~~ ~~(513) 561-7366~~	~~NWO Penn Acquisition, LLC~~ ~~1491 E. Dublin Granville Rd.~~ ~~Columbus, OH 43229~~ ~~MO: Chris Ferguson~~ ~~(614) 848-3344~~		~~NWO Penn Acquisition, LLC~~ ~~8719 Sancus Blvd.~~ ~~Columbus, OH 43235~~ ~~MO: Chris Ferguson~~ ~~(614) 547-0395~~
~~NWO Penn Acquisition, LLC~~ ~~364 South Hamilton Road~~ ~~Gahanna, OH 43230~~ ~~MO: Chris Ferguson~~ ~~(614) 532-6269~~	~~NWO Penn Acquisition, LLC~~ ~~6181 Sawmill Rd.~~ ~~Dublin, OH 43017~~ ~~MO: Chris Ferguson~~ ~~(614) 210-0195~~		~~NWO Penn Acquisition, LLC~~ ~~152 McMahan Blvd.~~ ~~Marion, OH 43302~~ ~~MO: Chris Ferguson~~ ~~(740) 386-6177~~
~~Opus Familia, LLC~~ ~~2500 East Main Street~~ ~~Columbus, OH 43209~~	~~PS Cleveland, Inc.~~ ~~7080-A Engle Road~~ ~~Middleburg Heights, OH 44130~~ ~~MO: Mike Osterfeld~~		~~PS Cleveland, Inc.~~ ~~6261 Pearl Road~~ ~~Parma Heights, OH 44130~~

MO: Eric Glenn
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PS Cleveland, Inc.
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PS Cleveland, Inc.
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PS Cleveland, Inc.
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Harrison, OH 45030
MO: Jim Small
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P.S. Portsmouth, Inc.
1605 Chillicothe St.
Portsmouth, OH 45662
MO: Josh Irwin
(740) 353-8300

P.S. Portsmouth, Inc.
787 North Bridge St.
Chillicothe, OH 45601
MO: Josh Irwin
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Penn Columbus, LLC
1257 West 5th Avenue
Columbus, OH 43212
MO: Reade Hoffmann
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Penn Columbus, LLC
775 Bethel Road
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MO: Reade Hoffmann
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Penn Columbus, LLC
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Kent, OH 44240
MO: Rich Moore

PS Akron, Inc.
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PS Akron, Inc.
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Quaker Hospitality Holdings, LLC
7144 Wilmington Pike
Dayton, OH 45459
MO: Keith Gavin
(937) 433-9900

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2075 N. Bechtle Avenue
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MO: Matt Langdon

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MO: Rich Moore

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MO: Tracey Tent

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MO: Eric Glenn
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Pennsylvania

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Washington, PA 15301
MO: Pending

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MO: Pending

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MO: Jon Keidel

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MO: Jon Keidel
(412) 229-8982

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Pittsburgh, PA 15222
MO: Jon Keidel
(412) 803-7366

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MO: Jon Keidel
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MO: Bekky Little
(803) 366-7366

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MO: Ryan Lackey

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Nashville PS, LLC
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MO: Marcus Queen

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Nashville PS, LLC
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MO: Marcus Queen
(615) 678-5409

Nashville PS, LLC
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7049 Highway 70 South, Suite C
Bellevue, TN 37221
MO: Chris Frederick
(615) 673-0999

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MO: Chris Frederick
(615) 673-0999

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MO: Chris Frederick
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202 North Anderson Lane
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4909 North Broadway
Knoxville, TN 37918
MO: Pending
(865) 687-7366

TennPenn, LLC
163 North Peters Road
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MO: Ryan Huml
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TennPenn, LLC
705 Winfield Dunn Pkwy
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MO: Pending
(865) 365-4987

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51 McNaughten Road
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MO: Eric Glenn
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4416 Red Bank Expressway
Cincinnati, OH 45227
MO: Steve Moore
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1491 E. Dublin Granville Rd.
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NWO Penn Acquisition, LLC
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Columbus, OH 43235
MO: Chris Ferguson
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NWO Penn Acquisition, LLC
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MO: Chris Ferguson
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NWO Penn Acquisition, LLC
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Marion, OH 43302
MO: Chris Ferguson
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Opus Familia, LLC
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MO: Eric Glenn
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PS Cleveland, Inc.
7080-A Engle Road
Middleburg Heights, OH 44130
MO: Mike Osterfeld
(440) 239-7366

PS Cleveland, Inc.
6261 Pearl Road
Parma Heights, OH 44130
MO: Mike Osterfeld
(440) 884-7366

PS Cleveland, Inc.
River Commons Shopping Center
19565-B Detroit Avenue
Rocky River, OH 44116
MO: Mike Osterfeld
(440) 333-7366

PS Cleveland, Inc.
4707 Great Northern Blvd.
North Olmsted, OH 44070
MO: Mike Osterfeld
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2164 West 117th Street
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MO: Mike Osterfeld
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PS Cleveland, Inc.
14612 Pearl Road
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MO: Mike Osterfeld
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9591 Vista Way
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MO: Mike Osterfeld
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PS Cleveland, Inc.
6258 Mayfield Rd.
Mayfield Heights, OH 44124
MO: Mike Osterfeld
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PS Cleveland, Inc.
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MO: Mike Osterfeld
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PS Cleveland, Inc.
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PS Cleveland, Inc.
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MO: Mike Osterfeld
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PS Cleveland, Inc.
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Cleveland, OH 44106
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MO: Jim Small
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1605 Chillicothe St.
Portsmouth, OH 45662
MO: Josh Irwin
(740) 353-8300

P.S. Portsmouth, Inc.
787 North Bridge St.
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MO: Josh Irwin
(740) 772-6100

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1257 West 5th Avenue
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MO: Reade Hoffmann
(614) 488-7366

Penn Columbus, LLC
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MO: Reade Hoffmann
(614) 451-0406

Penn Columbus, LLC
4473 Cemetery Road
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MO: Reade Hoffmann
(614) 850-0555

Penn Columbus, LLC
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PS Akron, Inc.
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MO: Rich Moore
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PS Akron, Inc.
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MO: Rich Moore
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PS Akron, Inc.
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(330) 668-0123

PS Mentor, Inc.
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PS Mentor, Inc.
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MO: Rich Moore
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PS Mentor, Inc.
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MO: Jason Day

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MO: Jason Day
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MO: Jason Day
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NV Ventures, LLC
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MO: Jason Day
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MO: Melissa Greene

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~~PS Richmond~~4TAS, LLC
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South Charleston, WV 25309
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MO: Roger Kirkland
(304) 722-7366

The Best Subs, LLC
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Vienna, WV 26105
MO: Roger Kirkland
(304) 422-7366

The Best Subs, LLC
75 Credes Landing
Elkview, WV 25071
MO: Roger Kirkland
(304) 993-7366

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Venture Two, LLC
5110 US RT 60E
Huntington, WV 25705
MO: Ann Vanover
(304) 736-0005

EXHIBIT E TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

PENN STATION, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019, 2018 and 2017

Shriver & Company
Certified Public Accountants

Accounting
Tax Planning
Consulting
Business Information Systems

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Penn Station, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Penn Station, Inc. which comprise the balance sheets as of December 31, 2019, 2018 and 2017 and the related statements of income, retained earnings, and cash flows for the years then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Penn Station, Inc. as of December 31, 2019, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Company adopted *ASC 606 Revenue from Contracts with Customers,* which changed its method of accounting for recognizing revenue from contracts with customers for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Shriver + Co.

Cincinnati, Ohio
April 9, 2020

A Professional Service Corporation
201 East Fifth Street Suite 1500 Cincinnati, Ohio 45202 (513) 241-1149 Fax (513) 241-1163

Penn Station, Inc.
Balance Sheets
December 31, 2019, 2018 and 2017

ASSETS:

	2019	2018	2017
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 2,565,128	$ 455,995	$ 84,182
Accounts Receivable	1,118,418	1,131,953	1,158,464
Inventory	6,979	6,213	6,529
Prepaid Expenses and Other Current Assets	19,189	23,859	25,395
National Advertising Fund Restricted Assets	680,590	3,034,131	2,673,831
Total Current Assets	$ 4,390,304	$ 4,652,151	$ 3,948,401
PROPERTY AND EQUIPMENT:			
Office Furniture and Equipment	$ 63,334	$ 63,334	$ 63,334
Restaurant Equipment	126,300	122,209	114,205
Transportation Equipment	122,852	639,187	639,187
Leasehold Improvements	239,282	241,350	241,350
	551,768	1,066,080	1,058,076
Accumulated Depreciation and Amortization	(491,676)	(979,147)	(944,390)
	$ 60,092	$ 86,933	$ 113,686
OTHER ASSETS:			
Contract Assets	$ 34,862	$ -	$ -
Construction in Progress	59,681	-	-
Note Receivable	36,000	36,000	36,000
	$ 130,543	$ 36,000	$ 36,000
	$ 4,580,939	$ 4,775,084	$ 4,098,087

See accompanying notes.

Penn Station, Inc.

Balance Sheets

December 31, 2019, 2018 and 2017

LIABILITIES AND SHAREHOLDERS' EQUITY:

	2019	2018	2017
CURRENT LIABILITIES:			
Accounts Payable	$ 433,250	$ 339,176	$ 141,303
Accrued Expenses	2,198,673	136,582	128,310
National Advertising Fund Restricted Liability	680,590	3,034,131	2,673,831
Total Current Liabilities	$ 3,312,513	$ 3,509,889	$ 2,943,444
DEFERRED FRANCHISE FEES	$ 135,063	$ 49,000	$ 210,500
SHAREHOLDERS' EQUITY:			
Common Stock – no par value			
Authorized – 5,000 shares			
Outstanding – 1,000 shares	$ 10,573	$ 10,573	$ 10,573
Paid-In Capital	78,681	78,681	78,681
Retained Earnings	1,044,109	1,126,941	854,889
Total Shareholders' Equity	$ 1,133,363	$ 1,216,195	$ 944,143
	$ 4,580,939	$ 4,775,084	$ 4,098,087

Penn Station, Inc.

Statements of Retained Earnings

For the years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
RETAINED EARNINGS, beginning of year	$ 1,126,941	$ 854,889	$ 1,064,411
Adoption of ASC 606	(18,375)	-	-
Net income	9,841,370	8,933,943	9,062,425
Dividends to shareholders	(9,905,827)	(8,661,891)	(9,271,947)
RETAINED EARNINGS, end of year	$ 1,044,109	$ 1,126,941	$ 854,889

See accompanying notes.

Penn Station, Inc.

Statements of Income

For the years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
FRANCHISE FEES:			
Initial, Training, Transfer	$ 330,562	$ 281,053	$ 315,601
National Advertising Fund Contributions	5,224,362	-	-
Continuing	13,325,880	12,740,748	12,954,872
	$ 18,880,804	$ 13,021,801	$ 13,270,473
Sales – Restaurant Operations	$ 990,704	$ 960,817	$ 922,880
Cost of Food, Labor and Supplies	408,596	390,311	375,701
Restaurant Overhead	304,921	314,451	298,783
Income from Restaurant Operations	$ 277,187	$ 256,055	$ 248,396
Income from Franchise Fees and Restaurants	$ 19,157,991	$ 13,277,856	$ 13,518,869
NATIONAL ADVERTSING FUND EXPENSES	5,224,362	-	-
GENERAL AND ADMINISTRATIVE EXPENSES	4,429,531	4,344,300	4,443,245
Income from Operations	$ 9,504,098	$ 8,933,556	$ 9,075,624
OTHER INCOME (EXPENSE)			
Other Income (Expense)	$ 18,159	$ 14,958	$ 3,970
Gain (Loss) on Sale of Assets	337,057	-	-
Total Other Income (Expense)	$ 355,216	$ 14,958	$ 3,970
Income before Income Taxes	$ 9,859,314	$ 8,948,514	$ 9,079,594
INCOME TAXES	17,944	14,571	17,169
Net Income	$ 9,841,370	$ 8,933,943	$ 9,062,425

See accompanying notes.

Penn Station, Inc.
Statements of Cash Flows
For the years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 9,841,370	$ 8,933,943	$ 9,062,425
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	$ 34,177	$ 34,757	$ 34,034
Loss (gain) on disposal of assets	(337,057)	-	-
Increase (decrease) in cash due to changes in:			
Accounts receivable	13,535	26,511	51,183
Inventory	(766)	316	422
Prepaid expenses and other assets	(30,192)	1,536	(4,953)
Accounts payable	94,074	197,873	31,622
Accrued expenses	2,062,091	8,272	(12,349)
Unearned franchise and development fees	67,688	(161,500)	(62,500)
Total Adjustments	$ 1,903,550	$ 107,765	$ 37,459
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 11,744,920	$ 9,041,708	$ 9,099,884
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditures for property, equipment and trademarks	$ (11,896)	$ (8,004)	$ -
Deposits on Equipment	(59,681)		
Note receivable from franchisee	-	-	(36,000)
Proceeds from the sale of assets	341,617	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ 270,040	$ (8,004)	$ (36,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends to shareholders	$ (9,905,827)	$ (8,661,891)	$ (9,271,947)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (9,905,827)	$ (8,661,891)	$ (9,271,947)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,109,133	$ 371,813	$ (208,063)
CASH AND CASH EQUIVALENTS, beginning of year	455,995	84,182	292,245
CASH AND CASH EQUIVALENTS, end of year	$ 2,565,128	$ 455,995	$ 84,182
SUPPLEMENTARY INFORMATION:			
Interest Paid	$ -	$ -	$ 14
Income Taxes Paid	$ 10,937	$ 18,888	$ 23,979

See accompanying notes.

Penn Station, Inc.
Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Business Description:

The Company has developed products and methods of operation used in the operation of Penn Station restaurants. The Company franchises the use of these products and methods of operation in the United States. At December 31, 2019, there were 309 restaurants of which 308 were franchised. The Company operates one restaurant located in the Cincinnati, Ohio market.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Investments in highly liquid debt instruments with maturities of three months or less are considered cash equivalents.

Receivables:

Accounts receivable consist primarily of uncollateralized amounts due for continuing franchise fees, initial franchise fees, training, and transfer fees. Continuing franchise fees are due on the 10th of each month for sales during the previous calendar month. All other receivables are due under normal trade terms requiring payment within 30 days from the invoice date. A late fee of $75 is charged for all continuing franchise fees not received within 10 days. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Notes receivable are stated at principal amount plus accrued interest and are also uncollateralized. Interest is accrued daily based upon the outstanding balance and stated interest rate of the note. Payments of notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance.

Management individually reviews all accounts receivable balances and based on an assessment of creditworthiness evaluates the necessity to establish an allowance for doubtful accounts. Management has determined that no allowance was necessary at December 31, 2019, 2018, and 2017. The bad debt expense and (recoveries) were zero for each of the years ended December 31, 2019, 2018, and 2017.

Inventories:

Inventories are stated at the lower of cost, first-in, first-out (FIFO) method, or market.

Property, Equipment, Depreciation and Amortization:

Property and equipment are recorded at cost. Depreciation over the estimated useful lives of the property and equipment is determined by the straight-line method. Amortization of leasehold improvements is provided over the estimated useful lives of the improvements.

Intangible Assets:

Identifiable intangible assets with determinable useful lives are amortized. The Company capitalizes cost to renew or extend the terms of a recognized intangible asset.

Trademark & trade name expenditures represent costs incurred registering the Company trademark and trade name with appropriate governmental authorities. Amortization is provided on a straight-line basis over a period of ten years.

Note 1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition:

Revenues consist primarily of continuing royalties, national advertising fund contributions, initial and renewal franchise fees, and upfront fees from area development agreements. The performance obligations under franchise agreements consist of (a) a franchise license, (b) pre-opening services, such as training, site selection and architectural design, and (c) ongoing services, such as management of the national advertising fund contributions, development of training materials and menu items, and restaurant monitoring. The Company has determined that the Pre-opening services are a separate and distinct performance obligation from the franchise license and ongoing services. Revenue from pre-opening services are recognized as the services are completed for the franchisee. Area development agreements provide franchisees the right to open stores within an exclusive geographic area for a specific time period. Revenue from area development agreements are recognized as revenue evenly over the term of the agreement. The franchise license and ongoing service performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement. Revenue from franchise license and ongoing service performance obligations are recognized over the term of each franchise agreement.

Continuing royalties, which are a percentage of net sales of the franchisee, are recognized as revenue when earned. The Company records food and beverage revenues from company-owned stores upon sale to the customer. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in its Statements of Operations. Accordingly, these taxes are not included in gross revenue.

National Advertising revenue includes monies received from suppliers as a result of products and services purchased by Penn Station restaurants and contributions made by company-owned and franchised restaurants. Revenue from company-owned and franchised restaurants is based on a percentage of sales of the franchised restaurants and is recognized as earned.

Advertising Costs:

Company advertising costs are charged to operations when incurred.

Income Taxes:

The Company is an electing "S" corporation under the Internal Revenue Code. Under these provisions, federal and state income taxes on the net earnings of the Company are payable personally by the shareholder. Accordingly, these financial statements do not contain provisions for federal or state income taxes.

Generally accepted accounting principles require financial statement recognition of the impact of a tax position, if that position is more likely than not to be sustained on examination, based on the technical merits of the position. The amount that is ultimately sustained for an individual tax position or for all tax positions in the aggregate could differ from the amount recognized.

The Company reports interest related to tax positions as interest expense and penalties as miscellaneous expense.

The Company files income tax returns with the Federal Government, various states and municipalities. The Company's federal tax return and certain state returns are no longer subject to examination for years ending December 31 2015 and prior. Certain state income tax returns of the Company are no longer subject to examination for years ending December 31, 2014 and prior.

Subsequent Events:

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2019, through April 9, 2020, the financial statement date, for purposes of recognition and disclosure in the financial statements.

Note 1. **Organization and Summary of Significant Accounting Policies** (continued)

Recently Adopted Accounting Standards:

In May 2014, the FASB issued amended guidance for revenue recognition. The new guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Company adopted the new guidance on January 1, 2019. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company applied the new guidance using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as an adjustment to the opening balance of equity at January 1, 2019. Therefore, the comparative periods have not been adjusted and continue to be reported under the previous revenue recognition guidance. The details of the significant changes and quantitative impact of the changes are discussed below

The cumulative effect adjustment of $18,375 was recorded as a reduction to retained earnings as of January 1, 2019 to reflect the impact of adopting ASC 606. Following are the components of the adjustment:

Area Development Fees	$	23,725
Franchise renewal fees		(74,299)
Contract Assets		32,199
Cumulative effect on Retained Earnings	$	(18,375)

Franchise Fees

Under previous revenue recognition guidance, initial and area development fees were recognized as revenue when a franchised restaurant opened, as all material services and conditions related to the franchise fee had been substantially performed upon the restaurant opening. In addition, under previous guidance, renewal fees were recognized as revenue when the renewed franchise agreements were signed. Under the new guidance, initial franchise fees have been allocated to specific pre-opening performance obligations. Revenue allocated to these performance obligations are recognized when the services are provided to the franchisee. Area Development agreements provide franchisee the right to open stores within an exclusive geographic area, for a specified time period. Under the new guidance, revenue from Area Development agreements are recognized on a straight-line basis over the term of the development agreement. Renewal fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. As such, these franchise fees are recognized on a straight-line basis over the contractual term of the franchise agreement.

National Advertising Funds

Previously, the revenue, expenses and cash flows of the National Advertising Fund were not included in the Company's statements of operations and statements of cash flows, because the contributions to the National Advertising Fund were designated for specific purposes and the Company acted as, in substance, an agent with regard to these contributions. Under the new guidance, which supersedes the previous industry-specific guidance, the revenue, expenses and cash flows of the National Advertising Fund are included in the Company's statements of operations and statements of cash flows.

The adoption of ASC 606 did not impact the recognition of sales from Company-owned restaurants and continuing royalties from franchised restaurants.

Penn Station, Inc.
Notes to Financial Statements

Note 1. **Organization and Summary of Significant Accounting Policies** (continued)

The following tables summarize the impacts of adopting the revenue recognition standard on the Company's financial statements as of December 31, 2019:

	As Reported	Balances without Adoption	Effect of Change
Balance Sheet			
Cash and Cash Equivalents	$ 2,565,128	$ 517,456	$ 2,047,671
National Advertising Fund Restricted Assets	680,590	2,728,261	(2,047,671)
Contract Assets	34,862	-	34,862
Accrued Expenses	2,198,673	151,002	2,047,671
National Advertising Fund Restricted Liability	680,590	2,728,261	(2,047,671)
Deferred Franchise Fees	135,063	92,000	43,063
Retained Earnings	1,051,116	1,059,317	(8,201)

	As Reported	Balances without Adoption	Effect of Change
Income Statement			
Revenue – Franchise Fees:			
Initial Training and Transfer	$ 330,562	$ 323,051	$ 7,511
National Advertising Fund Contributions	5,224,362	-	5,224,362
Expenses			
National Advertising Fund Expense	5,224,362	-	5,224,362
General and Administrative Expenses	4,429,531	4,432,194	2,663

Recently Issued Accounting Standards:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Company as of January 1, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the new guidance to determine the impact the adoption of this guidance will have on the Company's results of operations, cash flows and financial condition.

Note 2. Cash and Cash Equivalents

	2019	2018	2017
Cash	$ 2,565,128	$ 455,995	$ 84,182
Cash in National Fund Restricted Assets	$ 680,590	$ 3,034,131	$ 2,673,831

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3. Note Receivable

The Company holds a Note Receivable from an unrelated franchisee in the amount of $36,000. Interest is due annually on the note at 1.03%. The note matures on February 1, 2020, at which time all unpaid principal and interest are due. The note is secured by a personal guarantee of the franchisee's owner. This note was renewed for an additional two years on February 1, 2020.

Note 4. Intangible Assets

Identifiable intangible assets as of December 31, 2019, 2018, and 2017 are comprised of:

	2019		2018		2017	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Trademarks	$ 8,221	$ 8,221	$ 8,221	$ 8,221	$ 8,221	$ 8,221

The Company did not incur costs to renew or extend the term of intangible assets during the periods ending December 31, 2019, 2018, and 2017. The amortization of intangible assets was $- for each of the years ended December 31, 2019, 2018, and 2017. At December 31, 2019, all Trademark costs were fully amortized.

Note 5. National Advertising Fund

The Company has established a National Fund to undertake certain system advertising, marketing, promotional and public relations activities. In addition, the National Fund administers the system Gift Card Program which was established in 2015. The National Fund has been funded with monies received from suppliers as a result of products and services purchased by Penn Station restaurants and from contributions made by company-owned and franchised restaurants.

The Gift Card Program serves all restaurant locations and is administered by the National Fund on their behalf. A liability is recorded in the period in which a gift card is sold and the corresponding funds are collected. As gift cards are redeemed, the liability is reduced and funds are remitted to the store where the gift card was redeemed. The gift cards do not have expiration dates. Any Gift Card Breakage remains restricted for use by the National Advertising Fund.

Prior to adopting ASC 606, under legacy generally accepted accounting principles, the revenue and expenses of the advertising fund were not included in the Company's Statements of Income because the contributions to these funds were designated for specific purposes, and the Company was acting as, in substance, an agent with regard to these contributions. Under legacy GAAP, the assets held by these advertising and gift card funds were considered restricted. These restricted assets and related restricted liabilities were identified on the Company's balance sheets as National Advertising Fund Restricted Assets and Liabilities. Upon adoption of ASC 606, the National Advertising Fund Cash and Liabilities are no longer included in the Restricted Asset and Liabilities on the Balance Sheet and changes in the balances are reported within the Statement of Cash Flows.

Note 5. National Advertising Fund (continued)

The total amounts contributed to the advertising fund, exclusive of gift cards, for the years ended December 31, 2018, and 2017 were $4,676,878, and $4,570,797, respectively. The total amounts expended by the fund for system advertising and marketing for the years ended December 31, 2018, and 2017 were $4,940,456, and $3,537,109, respectively.

The total National Fund restricted assets and restricted liabilities as of December 31 consisted of:

	2019	2018	2017
National Advertising Funds	$ -	$ 2,375,132	$ 2,100,381
Restricted Gift Card Funds	680,590	658,999	573,450
Total National Fund restricted assets	$ 680,590	$ 3,034,131	$ 2,673,831

In December 2019, the Company established the PS National Fund, Inc. The new entity is a member based corporation. Franchisees receive one member unit for each franchised restaurant. The new entity will be responsible for overseeing advertising, marketing, public relations and promotional programs that will enhance the image of Penn Station restaurants and the administration of the Penn Station Gift Card program. Starting in 2020, the monthly National Advertising Fund contributions from franchised and company store sales to the National Advertising Fund with be made directly to this new entity and will no longer be included in the revenues of the Company. At December 31, 2019, the Company committed to make a contribution to this new entity in the amount of $2,053,121.

Note 6. Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended

	2019	2018	2017
Performance Obligations satisfied at a point in time	$ 1,314,331	$ 1,194,388	$ 1,203,706
Performance obligations satisfied over time	18,557,177	12,788,230	12,989,647
Total Sales	$ 19,871,508	$ 13,982,618	$ 14,193,353

Revenue from performance obligations satisfied at a point in time include initial fees for pre-opening services and sales at Company owned restaurants. Revenue from performance obligations satisfied over time include Continuing Royalty fees, National Advertising Fund contributions, Renewal fees and Area Development fees.

Contract Assets include direct costs associated with acquiring area development agreements and renewal of franchise agreements. Contract assets are amortized over the same term of the area development and renewed franchise agreements. Contract liabilities consist of deferred franchise fees for pre-opening performance obligations, area development agreements and renewed franchise agreements. Contract Assets and contract liabilities were as follows for the years ended:

	2019	2018	2017
Contract Assets	$ 34,862	$ -	$ -
Deferred Franchise Fees	$ 135,063	$ 49,000	$ 210,500

Penn Station, Inc.
Notes to Financial Statements

Note 7. Income Taxes

The provision for income taxes consists of:

	2019	2018	2017
Current:			
State and Local	$ 10,937	$ 14,571	$ 17,169

Note 8. Pension Plan

The Company maintains a 401(k) plan which covers employees who have met certain age and service requirements. Contributions to the 401(k) plan are made at the discretion of the Board of Directors. The total pension plan expense in 2019, 2018, and 2017 was $72,995, $66,182, and $47,753, respectively.

Note 9. Lease Commitments

The Company leases its corporate office from a limited liability company owned by its majority shareholder. Under the terms of the lease agreements, the Company pays a fixed monthly rental amount for the facility. The new lease expires on January 1, 2020 and is renewable in one-year terms. The lease contains a provision whereby the monthly rental is increased 2.5% over the current rental rate upon renewal. The Company elected to renew the lease on January 1, 2020. In addition to monthly rental payments, the Company is responsible for paying real estate taxes, utilities, insurance, and maintenance costs of the facilities.

The Company also leases a company-owned restaurant facility from the limited liability company owned by its majority shareholder. Under the terms of the lease agreement, the Company pays a fixed monthly rental amount for the facility. The restaurant lease expired on December 31, 2019 and is renewable in one-year terms. The lease contains a provision whereby the monthly rental is increased 2.5% over the current rental rate upon renewal. The Company renewed the restaurant lease in accordance with the lease terms on December 31, 2019. In addition to monthly rental payments, the Company is responsible for paying real estate taxes, utilities, insurance, and maintenance costs of the facilities.

Rental expenses incurred under all lease agreements were $442,482, $431,690, and $421,161 for the years 2019, 2018, and 2017, respectively. The total lease payments to the related party in 2019 were $442,482.

The following schedule of future minimum lease payments has been updated to reflect the amended lease agreements.

2020	$ 453,544
Thereafter	-
	$ 453,544

Note 10. Related Party Transactions

The Company franchises to two relatives of the Company's majority shareholder and to Company employees. One of these franchisees generated initial and continuing franchise fees of approximately 9% of franchise fee revenue. Effective August 1, 2019, one of the related parties sold their restaurants in the Cincinnati and Dayton Ohio markets to an unrelated party. As a result, related party income has decreased. Income from these related parties is reflected in the income statement as follows:

	2019	2018	2017
Initial Franchise, Training and Transfer Fees	$ 2,800	$ 17,600	$ 18,800
Continuing Franchise Fees	$ 1,467,846	$ 2,139,045	$ 2,091,150
National Advertising Fund Contributions	$ 123,775	$ -	$ -
Amounts due from related parties were as follows:			
Accounts Receivable – Continuing Franchise Fees	$ 60,090	$ 190,831	$ 176,500

As further explained in Note 9, the Company leases its corporate office and a company-owned restaurant facility from a limited liability company owned by the Company's majority shareholder.

On December 31, 2016 (effective January 1, 2017), an unrelated franchisee in Dallas, TX sold three locations to a newly formed entity that included related parties. The shareholders of the Company made a minority investment in this new entity. Management of the new entity is controlled by an unrelated owner. Fees paid by this entity during 2019, 2018 and 2017 are included in the above table.

Note 11. Advertising Costs

Advertising costs incurred were $5,261,973, $34,552, and $38,475 for the years ended December 31, 2019, 2018, and 2017, respectively. These amounts do not include amounts expended by the National Advertising Fund during 2018 and 2017 as further explained in Note 5.

Note 12. Commitment

The Company has entered into a contract to remodel its restaurant. Total costs incurred of $59,681 through December 31, 2019 are shown in the Balance Sheet under Deposits on Equipment. The Company anticipates that the total cost of the remodel will be approximately $295,000

Note 13. Contingencies

The Company was a defendant in a case that was filed in Court of Common Pleas of Wood County, Ohio. The case arose from a personal injury claim by two customers of the Company's franchisee in Maumee, Ohio. The only asserted basis for including the Company in the complaint was on the theory of vicarious liability. The insurance company for the Company's franchisee settled the claim in January 2020 and an order dismissing the claims against the Company and its franchisee was entered on March 19, 2020.

The Company filed a complaint against a franchisee in the Hamilton County Court of Common Pleas related to an agreement entered into with the franchisee. The Company is seeking a ruling that the agreement is valid and enforceable. The Company settled this matter in April 2020.

Note 14. Subsequent Event

In March 2020, the United States began to see significant impacts from the global pandemic caused by the COVID-19 virus. The economic impacts of the virus have been severe and broad-based. The Company's franchise restaurant operations have been significantly affected by government responses to the pandemic. The Company is presently evaluating the business impacts of the situation. An estimate of the financial impact on the Company cannot be made at the date of the financial statements.

Note 15. Reclassifications

Certain reclassifications have been made to the 2018 and 2017 financial statements to conform to the classifications used in 2019. These reclassifications had no effect on the 2018 and 2017 operations, as previously reported.

PENN STATION, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020, 2019 and 2018

Shriver & Company, P.S.C.

Certified Public Accountants

Shriver & Company
Certified Public Accountants

Accounting
Tax Planning
Consulting
Business Information Systems

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Penn Station, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Penn Station, Inc. which comprise the balance sheets as of December 31, 2020, 2019 and 2018 and the related statements of income, retained earnings, and cash flows for the years then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Penn Station, Inc. as of December 31, 2020, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Company adopted *ASC 606 Revenue from Contracts with Customers,* which changed its method of accounting for recognizing revenue from contracts with customers for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Shriver + Co.

Cincinnati, Ohio
March 18, 2021

A Professional Service Corporation
201 East Fifth Street Suite 1100 Cincinnati, Ohio 45202 (513) 241-1149 Fax (513) 241-1163

Penn Station, Inc.
Balance Sheets
December 31, 2020, 2019 and 2018

ASSETS:

	2020	2019	2018
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 218,163	$ 2,565,128	$ 455,995
Accounts Receivable	1,440,360	1,118,418	1,131,953
Inventory	9,829	6,979	6,213
Prepaid Expenses and Other Current Assets	24,176	19,189	23,859
National Fund Restricted Assets	-	680,590	3,034,131
Total Current Assets	$ 1,692,528	$ 4,390,304	$ 4,652,151
PROPERTY AND EQUIPMENT:			
Office Furniture and Equipment	$ 63,334	$ 63,334	$ 63,334
Restaurant Equipment	229,362	126,300	122,209
Transportation Equipment	86,851	122,852	639,187
Leasehold Improvements	301,389	239,282	241,350
	680,936	551,768	1,066,080
Accumulated Depreciation and Amortization	(386,824)	(491,676)	(979,147)
	$ 294,112	$ 60,092	$ 86,933
OTHER ASSETS:			
Contract Assets	$ 66,989	$ 34,862	$ -
Construction in Progress	-	59,681	-
Note Receivable	35,000	36,000	36,000
	$ 101,989	$ 130,543	$ 36,000
	$ 2,088,629	$ 4,580,939	$ 4,775,084

See accompanying notes.

Penn Station, Inc.
Balance Sheets
December 31, 2020, 2019 and 2018

LIABILITIES AND SHAREHOLDERS' EQUITY:

	2020	2019	2018
CURRENT LIABILITIES:			
Accounts Payable	$ 335,201	$ 433,250	$ 339,176
Accrued Expenses	269,192	2,198,673	136,582
National Fund Restricted Liability	-	680,590	3,034,131
Total Current Liabilities	$ 604,393	$ 3,312,513	$ 3,509,889
DEFERRED FRANCHISE FEES	$ 100,460	$ 135,063	$ 49,000
SHAREHOLDERS' EQUITY:			
Common Stock – no par value			
Authorized – 5,000 shares			
Outstanding – 1,000 shares	$ 10,573	$ 10,573	$ 10,573
Paid-In Capital	78,681	78,681	78,681
Retained Earnings	1,294,522	1,044,109	1,126,941
Total Shareholders' Equity	$ 1,383,776	$ 1,133,363	$ 1,216,195
	$ 2,088,629	$ 4,580,939	$ 4,775,084

Penn Station, Inc.
Statements of Retained Earnings
For the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
RETAINED EARNINGS, beginning of year	$ 1,044,109	$ 1,126,941	$ 854,889
Adoption of ASC 606	-	(18,375)	-
Net income	10,925,260	9,841,370	8,933,943
Dividends to shareholders	(10,674,847)	(9,905,827)	(8,661,891)
RETAINED EARNINGS, end of year	$ 1,294,522	$ 1,044,109	$ 1,126,941

See accompanying notes.

Penn Station, Inc.
Statements of Income
For the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
REVENUE:			
Initial Franchise, Training, Transfer Fees	$ 319,153	$ 330,562	$ 281,053
Continuing Franchise Fees	14,377,362	13,325,880	12,740,748
National Fund	718,066	5,224,362	-
Supplier Promotional Funds	2,152,305	-	-
	$ 17,566,886	$ 18,880,804	$ 13,021,801
Sales – Restaurant Operations	$ 1,107,430	$ 990,704	$ 960,817
Cost of Food, Labor and Supplies	467,254	408,596	390,311
Restaurant Overhead	348,743	304,921	314,451
Income from Restaurant Operations	$ 291,433	$ 277,187	$ 256,055
Income-Franchise Fees, Restaurants, Suppliers	$ 17,858,319	$ 19,157,991	$ 13,277,856
NATIONAL FUND EXPENSES	718,066	5,224,362	-
DISCRETIONARY PAYMENTS TO NATIONAL FUND	2,135,451	-	-
GENERAL AND ADMINISTRATIVE EXPENSES	4,651,105	4,429,531	4,344,300
Income from Operations	$ 10,353,697	$ 9,504,098	$ 8,933,556
OTHER INCOME (EXPENSE)			
Other Income (Expense)	$ 596,421	$ 18,159	$ 14,958
Gain (Loss) on Sale of Assets	(5,552)	337,057	-
Total Other Income (Expense)	$ 590,869	$ 355,216	$ 14,958
Income before Income Taxes	$ 10,944,566	$ 9,859,314	$ 8,948,514
INCOME TAXES	19,306	17,944	14,571
Net Income	$ 10,925,260	$ 9,841,370	$ 8,933,943

See accompanying notes.

Penn Station, Inc.
Statements of Cash Flows
For the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 10,925,260	$ 9,841,370	$ 8,933,943
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	$ 54,105	$ 34,177	$ 34,757
Loss (gain) on disposal of assets	5,552	(337,057)	-
Increase (decrease) in cash due to changes in:			
Accounts receivable	(321,942)	13,535	26,511
Inventory	(2,850)	(766)	316
Prepaid expenses and other assets	(37,114)	(30,192)	1,536
Accounts payable	(98,049)	94,074	197,873
Accrued expenses	(1,929,481)	2,062,091	8,272
Unearned franchise and development fees	(34,603)	67,688	(161,500)
Total Adjustments	$ (2,364,382)	$ 1,903,550	$ 107,765
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 8,560,878	$ 11,744,920	$ 9,041,708
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditures for property, equipment and trademarks	$ (233,996)	$ (11,896)	$ (8,004)
Deposits on Equipment	-	(59,681)	-
Payments on note receivable from franchisee	1,000	-	-
Proceeds from the sale of assets	-	341,617	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ (232,996)	$ 270,040	$ (8,004)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends to shareholders	$ (10,674,847)	$ (9,905,827)	$ (8,661,891)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (10,674,847)	$ (9,905,827)	$ (8,661,891)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (2,346,965)	$ 2,109,133	$ 371,813
CASH AND CASH EQUIVALENTS, beginning of year	2,565,128	455,995	84,182
CASH AND CASH EQUIVALENTS, end of year	$ 218,163	$ 2,565,128	$ 455,995
SUPPLEMENTARY INFORMATION:			
Interest Paid	$ -	$ -	$ -
Income Taxes Paid	$ 19,306	$ 10,937	$ 18,888

See accompanying notes.

Penn Station, Inc.
Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Business Description:

The Company has developed products and methods of operation used in the operation of Penn Station restaurants. The Company franchises the use of these products and methods of operation in the United States. At December 31, 2020, there were 310 restaurants of which 309 were franchised. The Company operates one restaurant located in the Cincinnati, Ohio market.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Investments in highly liquid debt instruments with maturities of three months or less are considered cash equivalents.

Receivables:

Accounts receivable consist primarily of uncollateralized amounts due for continuing franchise fees, initial franchise fees, training, and transfer fees. Continuing franchise fees are due on the 10th of each month for sales during the previous calendar month. All other receivables are due under normal trade terms requiring payment within 30 days from the invoice date. A late fee of $75 is charged for all continuing franchise fees not received within 10 days. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Notes receivable are stated at principal amount plus accrued interest and are also uncollateralized. Interest is accrued daily based upon the outstanding balance and stated interest rate of the note. Payments of notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance.

Management individually reviews all accounts receivable balances and based on an assessment of creditworthiness evaluates the necessity to establish an allowance for doubtful accounts. Management has determined that no allowance was necessary at December 31, 2020, 2019, and 2018. The bad debt expense and (recoveries) were zero for each of the years ended December 31, 2020, 2019, and 2018.

Inventories:

Inventories are stated at the lower of cost, first-in, first-out (FIFO) method, or market.

Property, Equipment, Depreciation and Amortization:

Property and equipment are recorded at cost. Depreciation over the estimated useful lives of the property and equipment is determined by the straight-line method. Amortization of leasehold improvements is provided over the estimated useful lives of the improvements.

Intangible Assets:

Identifiable intangible assets with determinable useful lives are amortized. The Company capitalizes cost to renew or extend the terms of a recognized intangible asset.

Trademark and trade name expenditures represent costs incurred registering the Company trademark and trade name with appropriate governmental authorities. Amortization is provided on a straight-line basis over a period of ten years.

Note 1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition:

Revenues consist primarily of continuing royalties, national advertising fund contributions, supplier promotional funds, initial and renewal franchise fees, and upfront fees from area development agreements. The performance obligations under franchise agreements consist of (a) a franchise license, (b) pre-opening services, such as training, site selection and architectural design, and (c) ongoing services, such as management of the national advertising fund contributions, development of training materials and menu items, and restaurant monitoring. The Company has determined that the Pre-opening services are a separate and distinct performance obligation from the franchise license and ongoing services. Revenue from pre-opening services are recognized as the services are completed for the franchisee. Area development agreements provide franchisees the right to open stores within an exclusive geographic area for a specific time period. Revenue from area development agreements are recognized as revenue evenly over the term of the agreement. The franchise license and ongoing service performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement. Revenue from franchise license and ongoing service performance obligations are recognized over the term of each franchise agreement.

Continuing royalties, which are a percentage of net sales of the franchisee, are recognized as revenue when earned. The Company records food and beverage revenues from company-owned stores upon sale to the customer. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in its Statements of Operations. Accordingly, these taxes are not included in gross revenue.

National Advertising revenue includes monies received from suppliers as a result of products and services purchased by Penn Station restaurants and contributions made by company-owned and franchised restaurants. Revenue from company-owned and franchised restaurants is based on a percentage of sales of the franchised restaurants and is recognized as earned.

Advertising Costs:

Company advertising costs are charged to operations when incurred.

Income Taxes:

The Company is an electing "S" corporation under the Internal Revenue Code. Under these provisions, federal and state income taxes on the net earnings of the Company are payable personally by the shareholder. Accordingly, these financial statements do not contain provisions for federal or state income taxes.

Generally accepted accounting principles require financial statement recognition of the impact of a tax position, if that position is more likely than not to be sustained on examination, based on the technical merits of the position. The amount that is ultimately sustained for an individual tax position or for all tax positions in the aggregate could differ from the amount recognized.

The Company reports interest related to tax positions as interest expense and penalties as miscellaneous expense.

The Company files income tax returns with the Federal Government, various states and municipalities. The Company's federal tax return and certain state returns are no longer subject to examination for years ending December 31 2016 and prior. Certain state income tax returns of the Company are no longer subject to examination for years ending December 31, 2015 and prior.

Subsequent Events:

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2020, through March 18, 2021, the financial statement date, for purposes of recognition and disclosure in the financial statements.

Note 1. Organization and Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards:

In May 2014, the FASB issued amended guidance for revenue recognition. The new guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Company adopted the new guidance on January 1, 2019. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company applied the new guidance using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as an adjustment to the opening balance of equity at January 1, 2019. Therefore, the comparative periods have not been adjusted and continue to be reported under the previous revenue recognition guidance. The details of the significant changes and quantitative impact of the changes are discussed below

The cumulative effect adjustment of $18,375 was recorded as a reduction to retained earnings as of January 1, 2019 to reflect the impact of adopting ASC 606. Following are the components of the adjustment:

Area Development Fees	$	23,725
Franchise renewal fees		(74,299)
Contract Assets		32,199
Cumulative effect on Retained Earnings	$	(18,375)

Franchise Fees

Under previous revenue recognition guidance, initial and area development fees were recognized as revenue when a franchised restaurant opened, as all material services and conditions related to the franchise fee had been substantially performed upon the restaurant opening. In addition, under previous guidance, renewal fees were recognized as revenue when the renewed franchise agreements were signed. Under the new guidance, initial franchise fees have been allocated to specific pre-opening performance obligations. Revenue allocated to these performance obligations are recognized when the services are provided to the franchisee. Area Development agreements provide franchisee the right to open stores within an exclusive geographic area, for a specified time period. Under the new guidance, revenue from Area Development agreements are recognized on a straight-line basis over the term of the development agreement. Renewal fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. As such, these franchise fees are recognized on a straight-line basis over the contractual term of the franchise agreement.

National Advertising Funds

Previously, the revenue, expenses and cash flows of the National Fund were not included in the Company's statements of operations and statements of cash flows, because the contributions to the National Advertising Fund were designated for specific purposes and the Company acted as, in substance, an agent with regard to these contributions. Under the new guidance, which supersedes the previous industry-specific guidance, the revenue, expenses and cash flows of the National Fund are included in the Company's statements of operations and statements of cash flows.

The adoption of ASC 606 did not impact the recognition of sales from Company-owned restaurants and continuing royalties from franchised restaurants.

Note 1. **Organization and Summary of Significant Accounting Policies** (continued)

The following tables summarize the impacts of adopting the revenue recognition standard on the Company's financial statements as of December 31, 2019:

	As Reported	Balances without Adoption	Effect of Change
Balance Sheet			
Cash and Cash Equivalents	$ 2,565,128	$ 517,456	$ 2,047,671
National Fund Restricted Assets	680,590	2,728,261	(2,047,671)
Contract Assets	34,862	-	34,862
Accrued Expenses	2,198,673	151,002	2,047,671
National Fund Restricted Liability	680,590	2,728,261	(2,047,671)
Deferred Franchise Fees	135,063	92,000	43,063
Retained Earnings	1,051,116	1,059,317	(8,201)

	As Reported	Balances without Adoption	Effect of Change
Income Statement			
Revenue – Franchise Fees:			
Initial Training and Transfer	$ 330,562	$ 323,051	$ 7,511
National Fund	5,224,362	-	5,224,362
Expenses			
National Fund Expense	5,224,362	-	5,224,362
General and Administrative Expenses	4,429,531	4,432,194	2,663

Recently Issued Accounting Standards:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Company as of January 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the new guidance to determine the impact the adoption of this guidance will have on the Company's results of operations, cash flows and financial condition.

Note 2. **Cash and Cash Equivalents**

	2020	2019	2018
Cash	$ 218,163	$ 2,565,128	$ 455,995
Cash in National Fund Restricted Assets	$ -	$ 680,590	$ 3,034,131

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3. Note Receivable

The Company holds a Note Receivable from an unrelated franchisee in the amount of $35,000. Interest is due annually on the note at 1.59%. The note matures on February 1, 2022, at which time all unpaid principal and interest are due. The note is secured by a personal guarantee of the franchisee's owner.

Note 4. National Fund

The Company maintains a national fund to undertake certain system advertising, marketing, public relations and promotional programs and materials and other activities which will enhance the image of the Penn Station system. Penn Station franchisees are required to pay fees to the national fund.

The Company administered the national fund and the gift card program in 2018 and 2019. In 2018 and prior, under legacy generally accepted accounting principles (GAAP), the revenue and expenses of the national fund were not included in the Company's Statements of Income because these funds were designated for specific purposes, and the Company was acting as, in substance, an agent with regard to these funds. The assets held by the national fund were considered restricted. These restricted assets and related restricted liability are identified on the Company's 2018 balance sheet as National Fund Restricted Assets and National Fund Restricted Liability. The total amount of fees from franchisees and Company discretionary amount paid to the national fund in 2018 was $5,187,329, and the amount expended by the fund was $4,912,578.

In 2019 the Company adopted the new accounting standard, ASC 606 affecting revenue recognition. The revenue and expenses of the national fund, prior to administration by P.S. National Fund, Inc. in 2020, are included in the Company's Statement of Income under National Fund Revenue and National Fund Expenses, and the national fund assets and liability are no longer included in the restricted assets and restricted liability on the Balance Sheet.

In December 2019, P.S. National Fund, Inc. (a franchisee member-based, non-consolidated entity) was established. Franchisees receive one member unit for each franchised restaurant. This entity is responsible for administering the national fund activities described in the first paragraph above and the administration of the Penn Station Gift Card program. Correspondingly, beginning in 2020, the monthly national fund fees from franchised and company store sales were remitted to P.S. National Fund, Inc. and are no longer included in the revenues of the Company. In addition, at the Company's sole discretion, supplier promotional funds may be contributed to P.S. National Fund, Inc.

The Company has made discretionary payments to the national fund, $2,135,451 for 2020, $2,275,651 for 2019, and $2,442,373 for 2018.

The total National Fund restricted assets and restricted liabilities as of December 31 consisted of:

	2020	2019	2018
National Advertising Funds	$ -	$ -	$ 2,375,132
Restricted Gift Card Funds	-	680,590	658,999
Total National Fund restricted assets	$ -	$ 680,590	$ 3,034,131

Note 5. Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended

	2020	2019	2018
Performance Obligations satisfied at a point in time	$ 1,409,068	$ 1,314,331	$ 1,194,388
Performance obligations satisfied over time	16,833,925	18,557,177	12,788,230
Total Sales	$ 18,242,993	$ 19,871,508	$ 13,982,618

Note 5. **Revenue** (continued)

Revenue from performance obligations satisfied at a point in time include initial fees for pre-opening services and sales at Company owned restaurants. Revenue from performance obligations satisfied over time include Continuing Royalty fees, National Fund revenue, Supplier Promotional Funds, Renewal fees and Area Development fees.

Contract Assets include direct costs associated with acquiring area development agreements and renewal of franchise agreements. Contract assets are amortized over the same term of the area development and renewed franchise agreements. Contract liabilities consist of deferred franchise fees for pre-opening performance obligations, area development agreements and renewed franchise agreements. Contract Assets and contract liabilities were as follows for the years ended:

	2020	2019	2018
Contract Assets	$ 66,989	$ 34,862	$ -
Deferred Franchise Fees	$ 102,012	$ 135,063	$ 49,000

Note 6. **Income Taxes**

The provision for income taxes consists of:

	2020	2019	2018
Current:			
State and Local	$ 19,306	$ 17,944	$ 14,571

Note 7. **Pension Plan**

The Company maintains a 401(k) plan which covers employees who have met certain age and service requirements. Contributions to the 401(k) plan are made at the discretion of the Board of Directors. The total pension plan expense in 2020, 2019, and 2018 was $76,206, $72,995, and $66,182, respectively.

Note 8. **Lease Commitments**

The Company leases its corporate office from a limited liability company owned by its majority shareholder. Under the terms of the lease agreements, the Company pays a fixed monthly rental amount for the facility. The new lease expires on January 1, 2021 and is renewable in one-year terms. The lease contains a provision whereby the monthly rental is increased 2.5% over the current rental rate upon renewal. The Company elected to renew the lease on January 1, 2021. In addition to monthly rental payments, the Company is responsible for paying real estate taxes, utilities, insurance, and maintenance costs of the facilities.

The Company also leases a company-owned restaurant facility from the limited liability company owned by its majority shareholder. Under the terms of the lease agreement, the Company pays a fixed monthly rental amount for the facility. The restaurant lease expired on December 31, 2020 and is renewable in one-year terms. The lease contains a provision whereby the monthly rental is increased 2.5% over the current rental rate upon renewal. The Company renewed the restaurant lease in accordance with the lease terms on December 31, 2020. In addition to monthly rental payments, the Company is responsible for paying real estate taxes, utilities, insurance, and maintenance costs of the facilities.

Rental expenses incurred under all lease agreements were $453,544, $442,482, and $431,690 for the years 2020, 2019, and 2018, respectively. The total lease payments to the related party in 2020 were $453,544.

Note 8. Lease Commitments (continued)

The following schedule of future minimum lease payments has been updated to reflect the amended lease agreements.

2021	$ 464,882
Thereafter	-
	$ 464,882

Note 9. Related Party Transactions

The Company franchises to two relatives of the Company's majority shareholder and to Company employees. One of these franchisees generated initial and continuing franchise fees of approximately 9% of franchise fee revenue. Effective August 1, 2019, one of the related parties sold their restaurants in the Cincinnati and Dayton Ohio markets to an unrelated party. As a result, related party income has decreased. Income from these related parties is reflected in the income statement as follows:

	2020	2019	2018
Initial Franchise, Training and Transfer Fees	$ 9,833	$ 2,800	$ 17,600
Continuing Franchise Fees	$ 772,884	$ 1,467,846	$ 2,139,045
National Advertising Fund Contributions	$ -	$ 123,775	$ -
Amounts due from related parties were as follows:			
Accounts Receivable – Continuing Franchise Fees	$ 69,210	$ 60,900	$ 190,831

As further explained in Note 8, the Company leases its corporate office and a company-owned restaurant facility from a limited liability company owned by the Company's majority shareholder.

The shareholders of the Company held a minority investment in a franchisee located in Dallas, TX.. Management of the entity was controlled by an unrelated owner. The franchisee closed its last restaurant in September, 2019 and ceased operations. Fees paid by this entity during 2019 and 2018 are included in the above table.

Note 10. Advertising Costs

Advertising costs incurred were $30,589, $37,611, and $34,552 for the years ended December 31, 2020, 2019, and 2018, respectively. These amounts do not include amounts expended by the National Advertising Fund during 2018 as further explained in Note 4.

Note 11. Other Transactions

Store Remodel:

The Company entered into a contract to remodel its restaurant. Total costs incurred of $59,681 through December 31, 2019 are shown in the Balance Sheet under Deposits on Equipment. The total cost of the remodel completed during 2020 was $293,677.

Paycheck Protection Program Borrowing:

In April 2020, the Company applied for and received a loan in the amount of $580,500 from Forcht Bank pursuant to the SBA 7(a) Paycheck Protection Program created under the CARES Act. The Company received notification from the SBA in December 2020 that the entire amount of the note was forgiven in accordance with the Program terms. As such, the Company recorded income from the forgiveness in the amount of $580,500 and is included in Other Income in the Income Statement.

Note 12. Reclassifications

Certain reclassifications have been made to the 2019 and 2018 financial statements to conform to the classifications used in 2020. These reclassifications had no effect on the 2019 and 2018 operations, as previously reported.

Penn Station, Inc.

Balance Sheet

March 31, 2020

ASSETS	Current Month		Prior Month	
Current Assets				
Cash and Equivalents		1,815,645		2,807,539
Accounts Receivable	917,807		1,116,130	
Due From Stonelick	10,194		6,796	
Due From Penn Station Realty	889		889	
Inventory	7,174		7,131	
Prepaid Expenses	78,870		78,870	
Other Current Assets		1,014,934		1,209,816
Total Current Assets		2,830,579		4,017,355
Property and Equipment				
Vehicles	122,852		122,852	
Office Furniture & Equipment	63,334		63,334	
Restaurant Equipment	126,300		126,300	
Leasehold Improvements	239,282		239,282	
	551,768		551,768	
Accumulated Depreciation	(500,246)		(497,388)	
Total Property and Equipment		51,522		54,380
Other Assets				
Note Receivable	35,000		35,000	
Contract Asset	34,862		34,862	
Trademark Costs, Net	0		0	
Total Other Assets		69,862		69,862
Total Assets		**$ 2,951,963**		**$ 4,141,597**

Penn Station, Inc.

Balance Sheet

March 31, 2020

	Current Month		Prior Month	
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current Liabilities				
Accounts Payable		157,131		75,409
Gift Certificates Payable	8,996		8,996	
Accrued Nat'l Fund Liability	50,591		1,614,151	
Accrued Nat'l Fund-Non EE	(64,312)		(64,312)	
Accd Nat'l Fund Liability-GC	562,411		579,080	
Accrued 401(K) Discretion Mtch	90,991		85,491	
Unearned Franchise Fees	106,563		81,563	
Accrued Wages	12,891		12,683	
Accrued Taxes and Insurance	35,535		32,664	
Other Accrued Expenses	97,661		166,538	
		901,327		2,516,854
Total Current Liabilities		1,058,458		2,592,263
Long-Term Liabilities				
Total Liabilities		1,058,458		2,592,263
Shareholder's Equity				
Common Stock	10,574		10,574	
Paid In Capital	78,681		78,681	
Retained Earnings	1,804,250		1,460,079	
Total Shareholder's Equity		1,893,505		1,549,334
Total Liabilities & Shareholder's Equity		**$ 2,951,963**		**$ 4,141,597**

These Financial Statements have been prepared without an audit. Prospective Franchisees or Sellers of franchises should be advised that no Independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Penn Station, Inc.

Income Statement

For the Three Months Ending March 31, 2020

	Current Month	Current Month	Year to Date	Year to Date
FRANCHISE FEES				
Continuing Franchise Royalties	$ 884,249	$ 1,236,261	$ 2,975,720	$ 3,184,367
Franchise Fees	0	1,000	65,500	8,000
Area Development Fees	0	0	3,500	7,000
Training Fees	3,300	3,600	11,700	16,200
Transfer Fees	3,000	10,000	6,000	28,000
	890,549	1,250,861	3,062,420	3,243,567
RESTAURANT OPERATIONS				
Sales-Restaurant Operations	75,879	87,130	165,954	240,880
Cost of Food, Labor and Supplies	30,767	35,086	74,881	96,890
Restaurant Overhead	30,055	31,182	87,564	103,317
Income from Restaurant Operations	15,057	20,862	3,509	40,673
Franchise Fees and Restaurant Inc.	905,606	1,271,723	3,065,929	3,284,240
Other Income	337	0	1,073	8,345
Total Income(Net of Restaurant Exp.)	905,943	1,271,723	3,067,002	3,292,585
GENERAL AND ADMINISTRATIVE EXPENSES				
Salaries	354,749	213,042	865,537	720,540
Area Rep Fees	0	0	0	0
Payroll Taxes	26,572	15,682	68,183	56,051
Rent	34,112	33,331	102,335	99,993
Pension Plan	5,500	5,500	16,500	16,664
Depreciation and Amortization	2,314	2,314	6,942	6,942
Other General and Admin. Exp.	117,490	97,904	326,330	296,523
Total General and Admin. Exp.	540,737	367,773	1,385,827	1,196,713
NET INCOME	**$ 365,206**	**$ 903,950**	**$ 1,681,175**	**$ 2,095,872**

These Financial Statements have been prepared without an audit. Prospective Franchisees or Sellers of franchises should be advised that no Independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Penn Station, Inc.
Balance Sheet
February 28, 2021

ASSETS

Current Assets			
Cash and Equivalents	$	725,033	
Other Current Assets		1,239,010	
Total Current Assets			1,964,043
Property and Equipment			
Property and Equipment		680,936	
Accumulated Depreciation		(394,344)	
Total Property and Equipment			286,592
Other Assets			
Total Other Assets			101,989
Total Assets			**$ 2,352,624**

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities			
Accounts Payable	$	29,131	
Other Current Liabilities		1,148,694	
Total Current Liabilities			1,177,825
Long-Term Liabilities			
Total Long-Term Liabilities			0
Total Liabilities			1,177,825
Shareholder's Equity			
Total Shareholder's Equity			1,174,799
Total Liabilities and Equity			**$ 2,352,624**

These Financial Statements have been prepared without an audit. Prospective Franchisees or Sellers of franchises should be advised that no Independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Penn Station, Inc.

Income Statement

For the Two Months Ending February 28, 2021

	Current Month This Year	Year to Date This Year
FRANCHISE FEES		
Franchise & Other Fees	1,197,075	2,651,623
RESTAURANT OPERATIONS		
Income from Restaurant Operations	13,731	24,938
Other Income	110	338
Total Income	1,210,916	2,676,899
GENERAL AND ADMINISTRATIVE EXPENSES		
Total General and Admin. Exp.	400,538	764,739
NET INCOME	**$ 810,378**	**1,912,160**

These Financial Statements have been prepared without an audit. Prospective Franchisees or Sellers of franchises should be advised that no Independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

EXHIBIT F TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

PENN STATION RESTAURANT
FREESTANDING STORE
LEASE

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), made as of _____, 20__, by PENN STATION REALTY LTD., an Ohio limited liability company, having offices at 1226 US Highway 50, Milford, Ohio 45150 ("PS Realty"), and _____, a_____, having an address at _____ ("Tenant"), is as follows:

Preliminary Statements

A. Penn Station, Inc., an Ohio corporation ("Franchisor"), and Tenant entered into a Unit Franchise Agreement dated _____, 20__ (the "Franchise Agreement") for a Penn Station® restaurant (the "Restaurant") located at _____ (the "Franchised Premises"). Tenant will operate the Restaurant as a Penn Station franchisee. The Franchise Agreement requires that Tenant enter into a lease for the Franchised Premises on or before _____, 20__.

B. Tenant, accordingly, desires to lease the Franchised Premises, and PS Realty, on the terms and subject to the conditions of this Lease, has agreed to lease the Franchised Premises to Tenant.

Statement of Agreement

1. LEASED PREMISES. Subject to the terms of this Lease, PS Realty leases to Tenant, and Tenant leases from PS Realty, the lot, building and all other improvements located on the real estate described in Exhibit A attached, commonly known as _____ _____ (collectively, the "Leased Premises"). The Leased Premises are leased to Tenant subject to all applicable building codes, zoning ordinances, governmental rules and regulations, easements, legal highways, and restrictions, conditions, and agreements of record.

2. TERM.

2.1 Term. Subject to the terms and conditions of this Lease, the term of this Lease will begin on the date of this Lease and will end on _____, _____, which is 20 years after the date of the initial term of the Franchise Agreement (the "term").

3. RENT; SECURITY DEPOSIT.

3.1 Rent. Beginning with the month in which Tenant's Restaurant opens for business and continuing with each following calendar month thereafter occurring, Tenant will pay to PS Realty rent ("Rent") each month in an amount equal to the then-effective "Rent Amount" (as defined and determined below). Each such Rent payment shall be due and payable on or before the last business day of each calendar month (for example, rent for January, 20__ shall be due and payable on or before January 31, 20__) and upon the termination of this Lease. As used herein, "Rent Amount" means $_____ per month through, and including, December 31, 20__, which shall thereafter be increased by 2.5% (and as each increased Rent Amount shall further increase as a result of the compounding effect of increasing the previous Rent Amount then in effect by 2.5%) as of January 1, 20__, and as of each succeeding 1st day

of January thereafter occurring, during the term of this Lease. Accordingly, the Rent Amount shall increase each January 1st by 2.5% times the Rent Amount in effect on the immediately preceding December 31st, which increased Rent Amount shall remain in effect as the monthly Rent due until increased (and including as increased based on the compounding effect described above) on the next succeeding January 1st. By illustration and not by limitation, the Rent Amount shall be $_____ per month as of January 1, 20__, $_____ per month as of January 1, 20__, and $_____ per month as of January 1, 20__, and shall continue to increase on and after January 1, 20__ in accordance with this provision during the remaining term of this Lease. Rent for a period of less than a full calendar month (at the beginning or the expiration or termination of the Lease) shall be prorated based on an assumed 30-day calendar month.

3.2 Due Date; Late Payment Fee. Each Rent payment must be received by PS Realty by 5:00 p.m. on the last business day of each calendar month, and any payment not actually received by PS Realty on or before the last business day of any calendar month will be overdue unless the Rent payment is postmarked at least on or before the date that is two days before the last business day of such calendar month. If any Rent payment is overdue by five (5) or more days after the date that PS Realty notifies Tenant that such Rent payment is overdue, Tenant will pay to PS Realty, in addition to the overdue amount, (i) a late payment fee (the "Late Fee") in an amount equal to the lesser of (a) $75.00 or (b) the maximum amount permitted by applicable law, and (ii) if PS Realty does not receive the required Rent payment for more than 10 days past the due date, interest, in addition to the Late Fee, on the amount of any late Rent payment from the date the Rent payment became due until paid at a rate per annum (the "Default Rate") equal to the lesser of (x) 3% plus the prime rate charged by Fifth Third Bank, Cincinnati, Ohio (or any successor), in effect on the day the Rent payment became due and subject to change thereafter or (y) the maximum rate permitted by applicable law. PS Realty's right to receive an interest payment and Late Fee is in addition to any other remedies PS Realty may have under this Lease or applicable law as a result of the occurrence of a Default based on the overdue payment of Rent.

3.3 Security Deposit.

3.3.1 Receipt; Nature of Deposit. PS Realty acknowledges receipt from Tenant of the sum of $10,000.00 (the "Security Deposit") to be retained by PS Realty as security for the full and prompt performance by Tenant of each of the terms and conditions of this Lease to be observed, performed, and complied with by Tenant. The Security Deposit is not, however, an advance payment of Rent, a separate fund to be held by PS Realty, or a liquidated damage amount or another measure of PS Realty's damages if Tenant becomes in Default of this Lease. PS Realty will not be required (i) to account for the use of the Security Deposit, (ii) to keep the Security Deposit segregated from its other, general funds, or (iii) to pay any interest on the Security Deposit.

3.3.2 Application of Deposit. If (i) any Rent or other amounts payable by Tenant to PS Realty under this Lease are due, payable and unpaid, (ii) PS Realty makes any payment on behalf of Tenant or expends any funds as provided by Sections 5, 7.3, 8.3 or 12.2.5 below which is not reimbursed by Tenant as required by Sections 5, 7.3, 8.3 or 12.2.5, or (iii) Tenant is in Default of this Lease, then PS Realty may apply all or so much of the Security Deposit as may be necessary to pay to PS Realty the Rent then due, to reimburse PS Realty for the expenditures it made pursuant to Sections 5, 7.3, 8.3 or 12.2.5 below, or, as applicable, to compensate PS Realty for any loss, damage or expense sustained by PS Realty resulting from the Default by Tenant (including the Liquidated Unpaid Rent Amount, as defined in Section 12.2.1) or from any Mechanic's Lien under Section 8.3. If PS Realty applies any amount of the Security Deposit as described in this Section 3.3.2, Tenant will immediately, on PS Realty's demand, restore the Security Deposit to an amount equal to $10,000.00. PS Realty's application of the Security Deposit as described in this Section 3.3.2 is at its option and is in addition to all of PS Realty's other rights and remedies.

3.3.3 Return of Deposit. If Tenant fully complies with all of the terms and conditions of this Lease, the Security Deposit, net of any unreimbursed application(s) made by PS Realty under Section 3.3.2 above, will be returned by PS Realty to Tenant following the date this Lease expires and Tenant surrenders the Leased Premises in full compliance with Sections 4.3 and 8.2 of this Lease. If any bankruptcy, insolvency, reorganization or other creditor-debtor proceedings are instituted by or against Tenant, the Security Deposit will be treated as being applied first to the payment of any unpaid Rent (or any other amounts) due PS Realty for all periods before the proceedings were instituted, and the balance, if any, of the Security Deposit may be retained by PS Realty in partial payment of PS Realty's damages. No holder of a mortgage to which this Lease is or may be subordinate will be responsible for the return of the Security Deposit.

3.4 Triple Net Lease. PS Realty and Tenant intend that the Rent and other sums payable under this Lease are absolute triple net rent to PS Realty as described in this Lease during the term of this Lease other than PS Realty's obligations under Section 7.1. Subject to PS Realty's obligations under Section 7.1, Tenant will pay all costs, expenses and obligations of every kind and nature whatsoever relating to the Leased Premises and all expenses and obligations of every kind and nature whatsoever relating to the operation, maintenance, upkeep, replacement or repair of the Leased Premises, without any deduction or offset unless expressly provided otherwise in this Lease.

4. USE AND CONDITION OF LEASED PREMISES; RIGHT OF ACCESS.

4.1 Use. The Leased Premises may only be used and occupied for the purpose of operating the Restaurant under the terms of the Franchise Agreement (the "Business Activities") and for no other purpose. Tenant will (i) keep the Leased Premises in a neat, clean, safe and sanitary condition and observe all reasonable rules and regulations adopted by PS Realty from time to time; and (ii) comply with all laws, ordinances, regulations and orders of all governmental authorities and all requirements of any insurance company or insurance inspection bureau which are applicable to the Leased Premises or Tenant's use of the Leased Premises, whether Tenant's compliance with the foregoing would interfere with its use or enjoyment of the Leased Premises or require changes to the Leased Premises to be undertaken by Tenant. Further, Tenant will not (a) permit any use of the Leased Premises that would (1) constitute waste or a nuisance or an additional risk or hazard, (2) cause damage to the Leased Premises including the plumbing and HVAC systems or place a load on any floor exceeding the floor load per square foot which the floor was designed to carry, or (3) do anything directly or indirectly to cause a cancellation of any policy of casualty, public liability or other insurance on the Leased Premises with the insurance carrier or carriers then insuring the Leased Premises; (b) move any heavy machinery, heavy equipment, or heavy fixtures into or out of the Leased Premises without PS Realty's prior written consent; or (c) use any space on the Leased Premises outside of the building on the Leased Premises from which the Business Activities are being conducted (the "Restaurant Building") for sale activities, storage or any other undertaking without PS Realty's prior consent.

4.2 Notice by Tenant. Tenant will give immediate notice to PS Realty if there occurs any fire in or accident on the Leased Premises or if there are any defects in the Restaurant Building or in any fixtures pertaining to the Leased Premises.

4.3 Condition at End of Lease. On termination of this Lease, Tenant will (i) surrender and deliver the Leased Premises to PS Realty broom-clean and in as good order and condition as the Leased Premises are in on the date that Tenant began operation of the Restaurant, as the Leased Premises may be subsequently improved by PS Realty or by Tenant from time to time (the "Return Condition") and (ii) surrender to PS Realty all keys to or for the Leased Premises. Tenant's obligation to deliver the Leased Premises to PS Realty in the Return Condition is subject to (a) reasonable wear and tear in connection

with the Business Activities since the last repair, replacement, restoration or renewal made by the Tenant or, as applicable, PS Realty pursuant to its obligations under this Lease and (b) damage by eminent domain and by fully insured accidental casualty.

4.4 No Warranties by PS Realty. THIS LEASE IS MADE WITHOUT WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE LEASED PREMISES, ANY IMPROVEMENTS OR PERSONAL PROPERTY, OR ANY APPURTENANCES TO THE LEASED PREMISES OR AS TO THE MERCHANTABILITY OR THE FITNESS OF THE LEASED PREMISES, ANY IMPROVEMENTS, PERSONAL PROPERTY OR APPURTENANCES FOR ANY USE OR PURPOSE. TENANT ACCEPTS THE CONDITION OF THE LEASED PREMISES "AS IS". IN NO EVENT WILL PS REALTY BE LIABLE TO TENANT OR ITS AGENTS FOR SPECIAL, INDIRECT, LOST PROFIT, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT OR TORT, ARISING OUT OF OR IN CONNECTION WITH THE LEASE OR USE OF THE LEASED PREMISES BY TENANT.

4.5 PS Realty's Right of Access. On prior notice to Tenant (except that notice is not required in the case of an emergency), PS Realty may enter on the Leased Premises (with laborers and materials if, in PS Realty's judgment, they are required) for the purposes of: (i) inspecting the Leased Premises; (ii) fulfilling PS Realty's obligations under this Lease; (iii) making repairs, replacements or alterations to the Leased Premises which PS Realty may determine is necessary or desirable under the circumstances; and (iv) showing the Leased Premises to prospective purchasers, lenders or lessees, and, during the last three months of the term of this Lease, displaying one or more "For Rent" signs on the Leased Premises. In making repairs, replacements or alterations to the Leased Premises, PS Realty will use reasonable efforts under the circumstances to minimize any material disruption to the operation of the Restaurant, but under no circumstances will PS Realty be liable for any disruption or impact to the operation of the Restaurant during the period of the repairs, replacements or alterations to the Leased Premises by PS Realty or its contractors.

4.6 No Liability For the Tenant's Property. All of Tenant's removable personal property, including Tenant's Equipment (as defined in Section 8.1) and inventory (collectively, "Tenant's Property"), that may at any time be located on the Leased Premises will be kept at Tenant's sole risk. PS Realty (and any mortgage lender of PS Realty) will not be liable to Tenant or to its agents, employees, invitees, or customers for any damage, loss, compensation, accident, or claims whatsoever resulting to, or arising in respect of, any of Tenant's Property or to Tenant's agents', employees', customers' or other invitees' property from any of the following: (i) any repairs to, or any replacement of, any portion of the Leased Premises; (ii) any interruption in the use of the Leased Premises; (iii) the use or operation by PS Realty (or any other Person or Persons whatsoever) of any heating, cooling, electrical or plumbing equipment or apparatus; (iv) the termination of this Lease by reason of the destruction of, or damage to, the Leased Premises; (v) any fire, robbery, theft, or any other casualty; (vi) any leakage in any part of the Leased Premises; (vii) any water, wind, rain or snow that may leak into, or flow from part of, the Leased Premises; (viii) any explosion, utility failure or malfunction, or from falling plaster or ceiling tiles or apparatus; (ix) the bursting, stoppage, back-up or leakage of any pipes, sewer pipes, drains, conduits, appliances or plumbing works; or (x) any other cause whatsoever which is not the result of PS Realty's willful misconduct.

4.7 No Implied Public Rights. Tenant will not allow any portion of the Leased Premises to be used by the public, as such, without restriction or in a manner as might (i) tend to impair PS Realty's title to any portion of the Leased Premises or (ii) make possible any claim of adverse possession or prescription by the public, as such, or of implied dedication of any portion of the Leased Premises. Tenant acknowledges that PS Realty does not consent, expressly or by implication, to the unrestricted use or possession of any portion of the Leased Premises by the public, as such.

5. TAXES; OTHER CHARGES.

5.1 Real Estate Taxes; Premises Charges.

(i) **Real Estate Taxes**. Tenant will pay (a) all real estate taxes, ad valorem taxes, and assessments (general and special), attributable to the Leased Premises during the term of this Lease, (b) any license fee measured by the Rent payable from the Leased Premises or any tax, assessment, levy, imposition or charge, wholly or partially as a capital levy or otherwise, on the Rents received from the Leased Premises, excluding, however, any tax payable by PS Realty on its overall net income, and (c) any other tax imposed on, or levied or assessed against, real estate or on owners of real estate as such rather than persons generally excluding, however, any tax payable by PS Realty on its overall net income. Tenant acknowledges that the amount and type of tax may change after the date of this Lease. PS Realty will submit to Tenant a copy of the applicable tax bill received by PS Realty. Tenant must pay to PS Realty the amount stated in the tax bill no later than 10 business days after PS Realty delivers the applicable tax bill to Tenant. Tenant will not assert any right it may have by statute or otherwise to protest real estate taxes unless Tenant requests PS Realty's prior consent to do so (such consent to be granted or withheld by PS Realty in its judgment reasonably exercised).

(ii) **Premises Charges**. Tenant will pay all charges, expenses, and costs imposed on the Leased Premises or on PS Realty that during the term of this Lease (collectively, "Premises Charges") for any and all maintenance, repairs, administration, replacement, or other cost of (a) any common area that, in whole or in part, is for the use and benefit of the Leased Premises pursuant to any declaration, subdivision plat, deed restriction, covenant, easement, or agreement and (b) any easements, restrictions, or covenants which are appurtenant to, are a burden on, or that benefit, the Leased Premises. Tenant acknowledges that the amount and type of the Premises Charges may change after the date of this Lease. PS Realty will submit to Tenant a copy of the applicable bill for the applicable Premises Charges received by PS Realty. Tenant must pay to PS Realty the amount stated in the bill for the applicable Premises Charges no later than 10 business days after PS Realty delivers the applicable bill to Tenant. Tenant will not assert any right it may have to protest the Premises Charges unless Tenant requests PS Realty's prior consent to do so (such consent to be granted or withheld by PS Realty in its judgment reasonably exercised).

5.2 Restaurant Taxes. Tenant will pay (i) all taxes, assessments and public charges before delinquent which are levied, assessed or imposed on (a) any of Tenant's Property from time to time located in the Leased Premises or (b) Tenant's leasehold interest under this Lease; and (ii) when due all license fees, permit fees and charges of a similar nature for the conduct by Tenant of the Business Activities or the occupancy of the Leased Premises.

5.3 Additional Taxes. Without limiting the provisions of Section 5.1, if any governmental authority acting under any existing or future law, ordinance or regulation, levies, assesses or imposes a tax, excise or assessment on this Lease (such as, for example, a documentary stamp tax) or on the Rents or any "gross rents" received or receivable by PS Realty, Tenant will pay when due the amount of the tax, excise or assessment or, at PS Realty's option, reimburse PS Realty for the amount of the tax, excise or assessment paid by PS Realty, excluding, however, any tax payable by PS Realty on its overall net income.

6. UTILITIES. During the term of this Lease, Tenant will pay all charges for utility services attributable to the Leased Premises and any connection and maintenance charges for utilities. Utilities will include, for example, gas, water, electricity, sewage, storm water, internet and telephone.

7. MAINTENANCE AND REPAIRS.

7.1 PS Realty's Obligations. PS Realty will only have the following obligations in respect to the condition of the Leased Premises: if, during the term of this Lease, PS Realty determines that (i) the entire roof (other than the roof caps) needs replacement, (ii) all of the exterior block walls need replacement, or (iii) the entire parking lot (other than all curbs or any catch basins in the parking lot or any sidewalks) needs a complete resurfacing, then PS Realty will undertake such replacements and resurfacing, as applicable, of the foregoing that, in PS Realty's judgment reasonably exercised, are necessary and economically appropriate. Notwithstanding anything to the contrary in this Section, PS Realty will not have any obligation to make any replacements or resurfacing, as applicable, of the foregoing that are the result of any neglect, misuse, or act of Tenant (or of its employees, agents, contractors, subcontractor, or invitees). All other repairs, maintenance or replacements of the roof (including the roof caps), the exterior walls, the parking lot (including the driveway, all curbs and catch basins, and the sidewalks), and all other portions of the Leased Premises are Tenant's sole responsibility. PS Realty will decide, in PS Realty's judgment reasonably exercised, the time, the frequency, the manner and the method (including the design and timing) of, and all labor and materials for, completing its express obligations, if any, under this Section 7.1. PS Realty will endeavor to make commercially reasonable efforts to avoid material disruptions in Tenant's conduct of its Business Activities while PS Realty completes its obligations under this Section 7.1; *however*, PS Realty will not be liable or responsible to Tenant for any claim or loss arising out of any such disruption.

7.2 Tenant's Obligations. Subject to PS Realty's express obligations, if any, under Section 7.1, Tenant, at its expense, will maintain in good operating condition and repair all interior and exterior portions of the Leased Premises, including the Restaurant Building, all interior and exterior walls (including all tuck pointing, patching, and painting), partitions and studs, the dumpster corral, all awnings, signage, floorings, flashing, gutters, doors, roof, roof caps, lighting, and windows, and all electrical, heating, ventilating, air conditioning and plumbing (including sewage and drainage) systems and equipment, parking lot, all driveways, sidewalks, curbs, and basins, and, with respect to the foregoing, Tenant will make all repairs and replacements of the foregoing that PS Realty, in its judgment reasonable exercised, considers necessary. PS Realty may, from time to time, implement a routine maintenance schedule and maintenance rules and regulations pertaining to the Leased Premises. Tenant will comply with and follow PS Realty's maintenance schedule and maintenance rules and regulations within the time requirements specified by PS Realty. Tenant will keep all interior and exterior areas of the Leased Premises orderly, neat, safe and free from rubbish and dirt and clear of snow and obstructions. Tenant will mow the lawns and maintain all landscaping in a neat, orderly and healthy condition.

7.3 PS Realty's Cure of Tenant's Repair Default. If Tenant does not comply with its obligations under Section 7.2, then Tenant will be in Default of this Lease. PS Realty will have the right, but not the obligation, on 14 days advance notice (except that notice will not be required in the case of an emergency) to Tenant to cure any Default of Tenant without waiving the Default by Tenant. If PS Realty does cure the Default, then all costs and expenses incurred by PS Realty in curing the Default ("Repair Costs") will be payable by Tenant to PS Realty on its demand together with an administrative fee equal to 15% of the Repair Costs. The Repair Costs will include the costs of PS Realty's personnel (as allocated by PS Realty) involved in curing the Default of Tenant under Section 7.2. If PS Realty has already terminated this Lease, then PS Realty's cure of (or its attempt to cure) any Default by Tenant that resulted in the termination of this Lease will not be a waiver of the notice of termination given by PS Realty. Tenant will pay PS Realty interest on PS Realty's demand for all sums paid by, or owed to, PS Realty pursuant to the terms of this Section 7.3 or elsewhere in this Lease at a per annum rate equal to the Default Rate.

8. TENANT EQUIPPING AND IMPROVEMENTS.

8.1 Equipping of Restaurant Building. At its expense, Tenant will purchase and install, from time to time, all (i) restaurant furniture, removable trade fixtures, and equipment as is specified by the Franchisor (collectively, "Tenant Equipment") and (ii) interior improvements, furnishings, and non-trade fixtures as is specified by the Franchisor which (a) have not been installed by PS Realty and (b) are not structural in nature (collectively, "Tenant Improvements"). If any Tenant Improvements will alter the structure of the Leased Premises in any way, then Tenant shall seek, and first obtain, PS Realty's consent to any change or alteration to the structure of the Leased Premises before making any such structural Tenant Improvement or otherwise Tenant shall be in Default of this Lease.

8.2 No Additional Improvements; Ownership. Tenant may not make any alterations, additions, or improvements to the Leased Premises, including signage, floor coverings, interior or exterior lighting or decor, plumbing fixtures, shades, canopies or awnings or make any changes to the storefront or to the mechanical (including HVAC), electrical or sprinkler systems unless permitted by the Franchise Agreement and PS Realty has given its prior consent. On termination of this Lease, all Tenant Improvements will become a part of the Leased Premises and the property of PS Realty without any compensation or credit to Tenant; however, none of Tenant's Property will be a part of the Tenant Improvements and will remain the separate property of Tenant. On the termination of this Lease, Tenant must, within 10 days after the date of termination (unless the reason for termination is the occurrence of a Default in which case Tenant will act immediately to), remove all Tenant's Property from the Leased Premises. If Tenant does not remove all Tenant's Property on the termination of this Lease, Tenant will be deemed to have conveyed all Tenant's Property to PS Realty without compensation or credit to Tenant, and PS Realty will have the right to sell all Tenant's Property and retain all proceeds. PS Realty will not have any obligation, however, to make any sale or other disposition of any or all of Tenant's Property. If, in removing any of Tenant's Property from the Leased Premises, Tenant (or its employees, agents or invitees) causes any damage or injury to the Leased Premises, Tenant will, at its sole cost, immediately repair any damage or injury to the Leased Premises.

8.3 No Mechanic's Liens. Nothing contained in this Lease may be read to imply PS Realty's consent to allow any lien or liability to attach to the Leased Premises (or any interest in the Leased Premises) arising from any work performed, materials furnished or obligations incurred by or for Tenant in connection with the Leased Premises which may be permitted under this Lease. If any mechanic's, materialmen's or other lien (a "Mechanic's Lien") is filed against the Leased Premises which arises directly or indirectly from any work or act of Tenant or anyone claiming by, through or under Tenant, Tenant, at its expense, will discharge or bond off the Mechanic's Lien within 30 days after the filing of the Mechanic's Lien. If Tenant does not discharge or bond off the Mechanic's Lien by such date, Tenant will be in Default, and PS Realty, in addition to its other rights and remedies under this Lease, may bond off or pay the amount of the Mechanic's Lien without trying to determine the validity or merits of the Mechanic's Lien. All sums advanced by PS Realty to discharge or bond off the Mechanic's Lien will be paid by Tenant on PS Realty's demand and will accrue interest at the Default Rate until paid.

9. INSURANCE.

9.1 Types of Insurance. From the date of this Lease and at all times until the expiration of this Lease, Tenant, at its expense, will keep in full force and effect:

9.1.1 Insurance Required by the Franchise Agreement. all insurance required from time to time under the Franchise Agreement, which includes (a) commercial general liability insurance, with the broad form of commercial general liability endorsement (or the broadest liability insurance then commercially available in PS Realty's judgment reasonably exercised), and (b) special form property

insurance, or the broadest property insurance then commercially available, with respect to Tenant's Property. PS Realty will be named as an additional insured of all liability insurance pursuant to terms acceptable to PS Realty (and, if designated by PS Realty, its mortgage lender will be named as an additional insured of this insurance pursuant to terms acceptable to PS Realty); and

9.1.2 Property Insurance. special form property insurance, or the broadest property insurance then commercially available in PS Realty's judgment reasonably exercised, on all improvements to the Leased Premises, including the Restaurant Building shell, all interior and exterior Restaurant Building improvements, permanently affixed furnishings, and fixtures in an amount not less than 100% of the then current replacement cost of those improvements. PS Realty must be named as sole loss payee of this insurance pursuant to terms acceptable to PS Realty (and, if designated by PS Realty, its mortgage lender will be named as first lender's loss payee of this insurance pursuant to terms acceptable to PS Realty). Tenant will have no rights or interests in any sums payable under the insurance coverage described in this Section 9.1.2.

9.2 Insurance Policy Requirements. The policies of insurance that Tenant is obligated to maintain pursuant to this Section 9 will be with a company or companies satisfactory to PS Realty and will provide that the insurer must notify PS Realty 30 days in advance of any reduction, termination or expiration of any insurance coverage. Before occupying the Leased Premises and on each renewal of insurance coverage, Tenant will furnish to PS Realty additional insured and loss payee endorsements and a certificate evidencing that there is insurance coverage meeting the requirements of this Section 9 and that PS Realty will not be obligated for any unpaid premiums or other charges under the policies. At PS Realty's request, Tenant will deliver a copy of the applicable insurance policies to PS Realty. Maintenance of the insurance and performance by Tenant of the obligations under this Section 9 will not relieve Tenant of its obligations under the indemnity provisions of Section 11. All insurance maintained by Tenant shall be primary to, and non-contributory with, any other insurance available to PS Realty for any claim or liability covered by any of PS Realty's insurance.

9.3 Waiver of Subrogation Rights. None of PS Realty, Tenant, Franchisor or any of their respective shareholders, members, owners, directors, officers, employees, agents, customers, contractors, or invitees will be liable to the other for loss or damage caused by any risk to the extent (a) covered by the insurance obtained by PS Realty or by Tenant with respect to the Leased Premises or the contents from time to time of the Leased Premises or (b) elsewhere excluded in this Lease. PS Realty and Tenant will each obtain and maintain throughout the term of this Lease the waiver of its subrogation rights in all policies of insurance.

10. DAMAGE OR DESTRUCTION OF LEASED PREMISES.

10.1 Restoration of Building Damage. If the Restaurant Premises (as defined below) is (i) destroyed or (ii) damaged by fire, explosion or other casualty, PS Realty, except as provided in Section 10.2, will undertake to restore, as appropriate, the Restaurant Premises to a condition suitable, in PS Realty's judgment reasonably exercised, for Tenant to conduct the Business Activities in compliance with the Franchise Agreement. The "Restaurant Premises" includes only the Restaurant Building shell and all interior and exterior Restaurant Building improvements, furnishings, and non-trade fixtures but determined exclusive of all Tenant's Property, including being exclusive of that portion of the interior Restaurant Building improvements, furnishings, and fixtures which constitute Tenant's Equipment (as defined in Section 8.1). PS Realty will complete the restoration of the Restaurant Premises as expeditiously as possible under the circumstances then existing. PS Realty will not be responsible for costs or delays arising from any circumstances or conditions beyond the control of PS Realty. All proceeds available under the insurance required under Section 9.1.2 are payable only to PS Realty so that PS Realty may complete its obligations under this Section 10.1. PS Realty will decide the manner and

method of, and all materials and contractors for, completing its obligations under this Section 10.1. The cost on which the construction fee is determined includes the costs of PS Realty's personnel (as allocated by PS Realty) involved in carrying out PS Realty's obligations under this Section 10.1. PS Realty will have the right to pay its construction fee out of the insurance proceeds made available to PS Realty.

10.2 Exceptions to PS Realty's Obligations. PS Realty will not be required to restore the Restaurant Premises if (i) the cost of the restoration of the Restaurant Premises exceeds the net insurance proceeds payable to PS Realty to restore the Restaurant Premises or (ii) the holder of the mortgage on the Leased Premises does not consent to the use of the insurance proceeds to restore the Restaurant Premises (either of contingencies 10.2(i) or (ii) above being referred to as a "Damage Termination Event"). If PS Realty elects not to restore the Restaurant Premises because of either of the reasons stated above as "Damage Termination Events," PS Realty will give Tenant notice of PS Realty's election not to restore the Restaurant Premises. On PS Realty's giving of that notice to Tenant, this Lease will terminate.

10.3 Restoration of Damage to Tenant's Property. Unless this Lease has terminated pursuant to Section 10.2 above, Tenant will replace all destroyed or damaged Tenant's Property and other property required to conduct the Business Activities in accordance with the Franchise Agreement. Tenant must complete its obligations under this Section 10.3 no later than 75 days after the Restaurant Premises has been repaired or restored.

10.4 No Rent Reduction. Tenant is required to maintain rent loss insurance protection under the coverage described in Section 9.1.1. Accordingly, there will be no reduction or abatement of Rent based on any damage to, or destruction of, the Restaurant Premises. It is Tenant's responsibility to maintain at all times the required rent loss insurance.

11. INDEMNIFICATION.

11.1 Claims. Tenant will indemnify and hold harmless (a) PS Realty (and its owners, employees, and agents) and (b) Franchisor (and its owners, employees, and agents), in each case, from any and all claims, demands, obligations, damages, losses, and liability (including all costs, expenses and attorneys' fees) arising out of, or in connection with, any or all of (a "Claim") (i) the occupancy or use of the Leased Premises by Tenant, (ii) any act or omission of Tenant or of its agents, officers, owners, directors, managers, employees, customers, contractors, or invitees, or (iii) any breach or default by Tenant in the performance of its obligations under this Lease except any Claim based on the grossly negligent or willful act of PS Realty. Under no circumstances will (x) Tenant settle any Claim without PS Realty's consent or (y) PS Realty be required or obligated to seek recovery from third parties or otherwise mitigate its losses to maintain a claim for indemnification against Tenant.

11.2 Insurance Obligations Additional. Tenant's obligations to indemnify PS Realty as provided in Section 11 are in addition to its obligations (i) to provide insurance as provided in Section 9 above and (ii) under the Franchise Agreement.

12. DEFAULT; REMEDIES.

12.1 Events of Default. Tenant will be in "Default" of this Lease if any of the following events occur or conditions exist, whether caused by or within the control of Tenant:

12.1.1 Non-Payment. Tenant does not pay the Rent or any other payment due to PS Realty from Tenant under this Lease within 7 days after the Rent or other payment is due, and PS Realty has given notice to Tenant that the required Rent or other payment has not been made;

12.1.2 Non-Performance. Except as provided in Section 12.1.1 above, Tenant does not comply with, perform, or observe any of the terms of this Lease, and Tenant does not cure that default within 30 days after being given notice by PS Realty of the default;

12.1.3 Repeated Defaults. Tenant is given 3 notices of Default under any combination of Sections 12.1.1 or 12.1.2 above within any 12 consecutive month period, regardless of whether Tenant actually cured the Defaults as identified in the notices by PS Realty to Tenant;

12.1.4 Default of Franchise Agreement. Tenant is in "Default" as defined in the Franchise Agreement;

12.1.5 Abandonment of Leased Premises. Tenant (i) vacates the Leased Premises except as a result of the damage or destruction of the Leased Premises provided in Section 10 above or (ii) abandons the Leased Premises;

12.1.6 Taking of Interest. Any writ of execution, levy, attachment or other legal process of law occurs on any of Tenant's Property or Tenant's estate or interest in the Leased Premises; or

12.1.7 Bankruptcy. (i) Tenant voluntarily files a petition as a "debtor" under any state or federal bankruptcy or insolvency law or has filed against it a petition seeking to have an order for relief entered on its behalf as a debtor, which, in the case of an involuntary petition, is not dismissed within 60 days after the filing of the involuntary petition; (ii) Tenant makes a general assignment for the benefit of its creditors; or (iii) Tenant becomes insolvent.

12.2 PS Realty's Remedies based on Tenant's Default. If a Default occurs, PS Realty may pursue any or all of the following remedies at any time after the Default occurs, whether PS Realty has relet the Leased Premises:

12.2.1 Termination of Lease. PS Realty may terminate this Lease on notice to Tenant. If PS Realty delivers a termination notice to Tenant, this Lease will terminate as of the effective date specified in the termination notice ("Termination Date"). On termination of this Lease, Tenant will (i) immediately surrender possession of the Leased Premises to PS Realty and (ii) pay to PS Realty on PS Realty's demand for payment: (a) all unpaid Rent, including Rent until the date Tenant surrenders the Leased Premises, (b) an amount equal to the result obtained by multiplying the Base Amount (as defined below) by 6 (the resulting amount being, the "Liquidated Unpaid Rent Amount"), (c) all amounts (other than Rent) which are unpaid under this Lease, and (d) all damages (other than Rent) PS Realty may incur arising from Tenant's breach of this Lease, including all of PS Realty's costs (including reasonable attorneys' fees) incurred to obtain possession of, and remove Tenant from, the Leased Premises and all costs of PS Realty to repair any damage or injury to any part of the Leased Premises caused by Tenant, its employees, owners, agents, contractors, customers, invitees, or all of them. "Base Amount" will be an amount equal to the average monthly Rent (and other sums payable under this Lease, including under Section 5, 6, 7 and 9) paid during the 12 months immediately preceding the Termination Date. PS Realty's failure or refusal to relet the Leased Premises will not affect Tenant's liability to pay the Liquidated Unpaid Rent Amount or any other damages incurred by PS Realty;

12.2.2 Re-Entry; Recovery of Possession. Without terminating this Lease, PS Realty will have the right (i) to bring a proceeding to recover possession of the Leased Premises from Tenant and (ii) without notice, to re-enter the Leased Premises and dispossess, by summary proceedings or otherwise, Tenant (and the legal representatives of Tenant) of the Leased Premises and remove all Tenant's Property, and Tenant will have no further claim or right under this Lease. No re-entry or

commencement of any action for re-entry will be construed as PS Realty's election to terminate this Lease in the absence of PS Realty's written notice of termination and will not release Tenant from any of its obligations for the remainder of the term of this Lease then in effect. If PS Realty re-enters the Leased Premises as described in this Section 12.2.2, PS Realty may remove all Tenant's Property then on the Leased Premises, which has not become PS Realty's property pursuant to Section 8.2, and deem it to be abandoned (with all right, title, and interest therein being released) by Tenant and to sell or otherwise make any other disposition of it or store it in a public warehouse or elsewhere at the expense and risk of Tenant;

12.2.3 Re-Letting of Leased Premises. If PS Realty re-enters the Leased Premises or takes possession pursuant to legal proceedings as described, in either case, in Section 12.2.2 above, PS Realty may, from time to time without terminating this Lease, (i) make all alterations and repairs to the Leased Premises as PS Realty considers necessary to relet the Leased Premises and (ii) relet the Leased Premises on the terms, including rent, as PS Realty may determine advisable in its judgment; however, regardless of whether the Leased Premises have been relet, PS Realty may at any time elect to terminate this Lease based on Tenant's Default. All rents and other sums received by PS Realty from reletting the Leased Premises will be applied: first, to the payment of any amounts, other than Rent, due under this Lease from Tenant to PS Realty; second, to the payment of any costs and expenses incurred by PS Realty from reletting the Leased Premises, including reasonable brokerage fees and attorneys' fees and the costs of any alterations and repairs; third, to the payment of Rent due and unpaid under this Lease; and the remainder, if any, will be held by PS Realty and applied in payment of future Rent as Rent becomes due and payable under this Lease. If the rent received by PS Realty from reletting the Leased Premises during any month is less than what is required by Section 3 of this Lease to be paid during that month by Tenant, Tenant will pay the difference (the "Rental Deficiency Amount") to PS Realty. If the rent received by PS Realty from reletting the Leased Premises is more than required by this Lease to be paid during that month by Tenant, Tenant will have no right to, and will receive no credit for, the excess rental amount paid to PS Realty. PS Realty will determine, and Tenant will pay, the Rental Deficiency Amount monthly;

12.2.4 Remedies Under Law. PS Realty may pursue any remedy provided by law or in equity; and

12.2.5 PS Realty's Right to Perform Tenant's Duties Following Tenant's Default. In addition to its rights elsewhere in the Lease on the occurrence of a Default (including Section 7.3) and without terminating this Lease, PS Realty will have the right, but not the obligation, on three days' notice (except that notice will not be required in the case of an emergency) to Tenant to cure any Default of Tenant without waiving the Default by Tenant. If PS Realty does cure the Default, all expenses incurred by PS Realty in curing the Default, together with an administrative fee equal to 15% of those expenses, will be payable by Tenant to PS Realty on its demand. The costs on which the administrative fee is determined includes the costs of PS Realty's personnel (as allocated by PS Realty) involved in curing the Default of Tenant. If PS Realty has already terminated this Lease, PS Realty's cure of (or attempt to cure) any Default by Tenant that resulted in the termination of this Lease will not be a waiver of the notice of termination given by PS Realty. Tenant will pay PS Realty interest on PS Realty's demand for all sums paid by PS Realty pursuant to the terms of this Section 12.2.5 or elsewhere in this Lease at a per annum rate equal to the Default Rate.

12.3 Default by PS Realty. PS Realty will not be in default of any of its obligations under this Lease unless PS Realty does not perform its obligations within 30 days (or within any additional time as is reasonably required by PS Realty to correct any default) after PS Realty has received notice from Tenant specifying how PS Realty has not performed any of its obligations.

12.4 **Cure Rights of Mortgage Lender**. If any mortgage lender(s) has given notice to Tenant requesting a copy of any notice that Tenant gives to PS Realty of its default under this Lease, then Tenant will give notice to the mortgage lender (at the address stated in the notice from the mortgage holder) at the same time that Tenant delivers any notice to PS Realty. The mortgage lender will then have the right, but not the obligation, within 30 days after its receipt of notice from Tenant to cure the default specified by Tenant in its notice to PS Realty before Tenant may take any action under this Lease by reason of PS Realty's default. Any notice of default given to PS Realty will be void unless, at the same time, Tenant gave notice to the mortgage lender as required by this Section 12.4.

13. ESTOPPEL CERTIFICATE, ATTORNMENT AND SUBORDINATION.

13.1 **Estoppel Certificate**. Within 10 days after PS Realty's request, Tenant will deliver to PS Realty a written and acknowledged statement in favor of PS Realty or any prospective purchaser or mortgagee of the Leased Premises, certifying (i) that Tenant is the tenant under this Lease; (ii) that PS Realty has completed construction of the Leased Premises (or if PS Realty has not completed construction of the Leased Premises, then stating the construction items to be completed by PS Realty); (iii) that Tenant has accepted possession of, and now occupies, the Leased Premises; (iv) the date on which the term of this Lease began, the date on which payment of Rent began, and the date on which the term of this Lease expires; (v) that, to Tenant's knowledge, no defaults exist under this Lease (or if defaults exist, then specifically stating the defaults); (vi) that this Lease is unmodified and is in full force and effect, or, if there have been modifications to this Lease, stating that this Lease is in full force and effect as modified and the specific modifications; (vii) that Tenant's interest under this Lease has not been assigned or encumbered, and the Leased Premises have not been sublet, or, if there has been an assignment of this Lease or the Leased Premises have been sublet, then stating the assignments or, as applicable, subleases and providing copies of all documents relevant to the foregoing; (viii) the amount of Rent and all other payments required under this Lease and the dates to which the Rent and all sums payable under this Lease have been paid; (ix) that Tenant is not entitled to any credit, offset or deduction against any Rent and any other amount payable to PS Realty due under this Lease, or, if Tenant is entitled to a credit, offset or deduction, then stating the amount of the credit, offset or deduction; (x) Tenant's options or rights of renewal; (xi) that there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy or insolvency laws of the United States or any State; and (xii) all other matters or information as PS Realty may reasonably require, it being intended that the certified statement delivered pursuant to this Section 13.1 may be relied on by PS Realty or any prospective purchaser or mortgagee of all or any part of the Leased Premises.

13.2 **Attornment**. If (i) any proceedings are brought for the foreclosure of any mortgage made by PS Realty covering the Leased Premises (or a conveyance by deed in lieu of foreclosure) or (ii) PS Realty sells, conveys or otherwise transfers its interest (in whole or in part) in the Leased Premises, Tenant will, on PS Realty's request, attorn to the purchaser of the Leased Premises to the extent of that purchaser's interests and, if PS Realty's entire interest is transferred, recognize that purchaser as "PS Realty" under this Lease on the then current terms of this Lease.

13.3 **Subordination**. On PS Realty's request, Tenant will, in a form supplied by PS Realty's lender, subordinate its rights under this Lease to the lien of any mortgage or mortgages (or the lien resulting from any other method of financing or refinancing), now or in the future in force against the Leased Premises and any and all advances to be made and other amounts due under those mortgage(s) (including all unpaid interest), and all renewals, replacements and extensions of the mortgage(s) if the mortgage lender(s) agree to recognize the interest of Tenant under this Lease if there should occur a foreclosure so long as Tenant is not in Default under this Lease.

14. QUIET ENJOYMENT. Subject to Section 15 below and to the rights of any holder of any mortgage on the Leased Premises, if Tenant pays the Rent and performs and observes all of its obligations under this Lease, Tenant will, subject to the terms of this Lease, be entitled to occupy the Leased Premises during the term of this Lease without any hindrance from PS Realty or anyone lawfully claiming through PS Realty.

15. CONDEMNATION.

15.1 Eminent Domain. If the entire Leased Premises are taken by, or sold under threat of condemnation to, any governmental authority under power of eminent domain, this Lease will terminate as of the date possession vests in the condemning authority, and Tenant will pay Rent (and all other sums due under this Lease) to that date. If only a part of the Leased Premises are taken, condemned or sold under power of eminent domain (a "Partial Taking") so that the Leased Premises cannot be utilized for Tenant's Business Activities, as determined by PS Realty in its judgment reasonably exercised, Tenant will have the right to require PS Realty, at its expense, to repair and restore (to the extent of the amount of the net, cash condemnation award then available to PS Realty) that portion of the Leased Premises not affected by the Partial Taking so that Tenant can conduct its Business Activities, as determined by PS Realty. PS Realty's obligations under this Section 15.1 are subject to the rights of any holder of any mortgage on the Leased Premises.

15.2 Eminent Domain Award. The entire award or compensation paid for the property taken or acquired under power of eminent domain and for the damages to the remainder of the Leased Premises will belong solely to PS Realty except, subject to the rights of any holder of any mortgage on the Leased Premises, to the extent that separate compensation is made to Tenant for its moving expenses.

16. ASSIGNMENT AND SUBLEASE.

16.1 Assignment by Tenant. Tenant may not assign or sublease this Lease, the Leased Premises, or any interest in this Lease.

16.2 Assignment by PS Realty. PS Realty will have the right to assign all of its right, title and interest in this Lease in whole or in part or to sell or lease its interest in the Leased Premises at any time without the consent of Tenant. If PS Realty sells, leases, assigns, or otherwise transfers (other than the grant of a mortgage) all of its right, title and interest in the Leased Premises, PS Realty will be automatically relieved of any and all obligations under this Lease accruing from and after the date of transfer if (i) the obligation to return the Security Deposit is assumed by the Person to whom PS Realty transfers its interest and (ii) PS Realty gives notice of the sale, lease, or other transfer to Tenant. Thereafter, Tenant will look solely to the new lessor (or any subsequent lessor) for the performance of PS Realty's obligations under this Lease, including the return of the Security Deposit.

17. EXPIRATION OR TERMINATION OF FRANCHISE AGREEMENT. If (i) the Franchise Agreement is not renewed, for any reason, pursuant to Section 2 of the Franchise Agreement (or, if after the full 20 year term of the Franchise Agreement--assuming all renewals thereof are exercised--a new franchise agreement is not entered into by Tenant and Franchisor) or (ii) Tenant or Franchisor terminates the Franchise Agreement pursuant to their respective rights under the Franchise Agreement, then this Lease will, at PS Realty's sole and absolute option, terminate. If PS Realty elects to so terminate this Lease based on the occurrence of either of the foregoing in clause (i) or (ii) of this Section 17, PS Realty will give notice to Tenant. If PS Realty delivers such notice to Tenant, this Lease will terminate effective immediately on PS Realty's delivery of such notice of termination to Tenant, and thereupon Tenant will (a) immediately surrender possession of the Leased Premises to PS Realty and (b) pay to PS Realty, on PS Realty's demand for payment, (1) all unpaid Rent, including Rent until the date Tenant surrenders the

Leased Premises in compliance with the terms of this Lease, and all other amounts accrued to PS Realty under the terms of this Lease until the date Tenant surrenders the Leased Premises and (2) all costs of PS Realty to repair any damage or injury to any part of the Leased Premises caused by Tenant, its employees, owners, agents, invitees, or all of them.

18. ABSOLUTE OBLIGATIONS. Tenant's obligations under this Lease are absolute and will continue, subject to its terms, in full force and effect regardless of any disability of Tenant to use all or any part of the Leased Premises for any reason including war, act of God, governmental regulation, strikes, loss, damage, destruction, obsolescence, or any other cause. Tenant's obligations under this Lease, including its obligation to pay Rent and any other sums, will not be affected, modified or impaired in manner whatsoever by any counterclaim, set-off, offset, recoupment, deduction, or defense based on any claim Tenant may have against Franchisor.

19. NO PARTNERSHIP. Regardless of anything else that may be in this Lease, PS Realty will not be treated as being a partner of Tenant or a joint venturer with Tenant.

20. NOTICE. Any notice or notification required, permitted or contemplated under this Lease must be in writing and sent (i) in person, (ii) by certified or registered mail, (iii) by overnight delivery carrier for next day delivery, or (iv) by telecopier (fax), in each case to the address listed in the opening paragraph of this Lease (or if notice of a new address is given, the new address). Notice given in any other manner will not be considered delivered or given. Any period described in this Lease which begins with the giving of notice will start (a) if mailed, two business days after notice was sent by certified or registered mail, (b) the next business day after sent by overnight delivery, and (c) the day the notice was delivered in person or was sent by telecopier (fax).

21. GENERAL.

21.1 Law. This Lease will be governed by, and construed in accordance with, the local laws of the State in which the Leased Premises are located.

21.2 No Waiver by PS Realty. The rights and remedies of PS Realty in this Lease are in addition to any and all other rights and remedies now or in the future provided by law or in equity, and all of PS Realty's rights and remedies are cumulative. No action or inaction by PS Realty may be treated as being a waiver of a default of this Lease, and no waiver of a default by PS Realty will be effective unless in writing and signed by PS Realty.

21.3 Entire Agreement. This Lease is the entire agreement between the parties and supersedes all prior written and oral negotiations, agreements and understandings. Tenant acknowledges that neither PS Realty nor anyone on behalf of PS Realty has made any representations, warranties, inducements, promises or agreements, orally or otherwise, respecting the subject matter of this Lease which have been relied on by Tenant and are not embodied in this Lease, and that there are no other representations which induced Tenant to sign this Lease.

21.4 Construction; Additional Definitions. (i) This Lease may be signed in several counterparts, and the counterparts will constitute one and the same instrument; (ii) PS Realty may act under this Lease by its attorney or agent; (iii) Wherever a requirement is imposed on Tenant under this Lease, Tenant will be required to perform that requirement at its sole cost and expense unless it is specifically otherwise provided in this Lease; (iv) Unless the context expressly indicates otherwise, the singular includes the plural and the plural includes the singular; (v) Whenever the word "including" or "includes" is used in this Lease, those terms are used by way of illustration and not by way of limitation; (vi) The words "re-enter" and "re-entry" as used in this Lease will not be restricted to their technical

legal meaning; (vii) The captions contained in this Lease are for reference purposes only and will not affect or relate to the interpretation of this Lease; (viii) All references in this Lease to any agreement, instrument, or document will be treated as being references to the particular agreement, instrument or document as the agreement, instrument or document may, from time to time, be modified, amended, renewed, restated, consolidated, extended, or replaced; (ix) The uncapitalized word "term", when used in reference to the term of any agreement, means the initial term and any renewal term of the applicable agreement unless the context clearly indicates the contrary by, for example, expressly referring to an "initial term" or a "renewal term" in the sentence or phrase; (x) The uncapitalized word "termination" or "terminated", when used in reference to the termination of any agreement (including this Lease), includes the expiration of the applicable agreement unless the context clearly indicates the contrary; (xi) A term has its defined meaning in this Lease whether the term is underscored as it originally appears in the definition; (xii) The capitalized word "Person" means any natural person, partnership, joint venture or other association, limited liability company, trust, corporation or any other entity, a governmental authority, or anything recognized under applicable law to be a separate legal entity; (xiii) Any request from time to time by Tenant for PS Realty's consent under any provision in this Lease must be in writing, and any consent to be provided by PS Realty under this Lease from time to time must be in writing in order to be binding on PS Realty; and (xiv) Any reference in this Lease to a particular section number or numbers in the Franchise Agreement will, if the section numbers of the Franchise Agreement are, for any reason, changed, be treated as being a reference to the new section number encompassing the same subject matter as the changed section number.

21.5 Binding on Successors. This Lease will be binding on, and inure to the benefit of, the respective heirs, executors, personal representatives, successors, and permitted assigns of PS Realty and Tenant.

21.6 Survival of Terms. Tenant's obligations under Sections 4.3, 5.1, 5.3, 6, 8.3, 11, and 12 will survive any termination of this Lease.

21.7 Memorandum of Lease. This Lease will not be recorded without the consent of PS Realty, and if Tenant records this Lease without PS Realty's request, then Tenant will be in Default of this Lease. On PS Realty's request, Tenant will sign a memorandum of this Lease to be recorded only by PS Realty.

{Signature Page Follows}

This Lease has been signed by Tenant and PS Realty as of the date in the opening paragraph on the first page of this Lease.

Signed and acknowledged
in the presence of:

PENN STATION REALTY LTD.

_____ By:_____
Jeffrey J. Osterfeld, President

_____

[Name of Tenant]

_____

By: _____
Its: _____
_____ Name: _____

ACKNOWLEDGMENTS

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by Jeffrey J. Osterfeld, President of Penn Station Realty Ltd., an Ohio limited liability company, on behalf of the limited liability company.

_____
Notary Public
My Commission
Expires:_____ [Seal]

STATE OF _____)
)SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____, _____ of _____, a _____, on behalf of the _____.

_____
Notary Public
My Commission
Expires:_____ [Seal]

This instrument prepared by: Melvin A. Bedree, Esq.
Vorys, Sater, Seymour and Pease LLP
Great American Tower
301 East Fourth Street, Suite 3500
Cincinnati, Ohio 45202

psrealty/free-stand.leaseform
Rev. 04/18/19

GUARANTY[1]

[Note: a Guaranty will not be required with respect to a Tenant for which the initial term of 20 years has expired and PS Realty is entering into a new lease for a second 20 years].

_____ ("Guarantor") (i) acknowledges receipt of a copy of the foregoing Lease Agreement between Penn Station Realty Ltd. ("PS Realty") and _____ ("Tenant") dated as of _____, 20__ (as amended from time to time, the "Lease"), and (ii) hereby irrevocably, absolutely and unconditionally guarantees to PS Realty the full and prompt payment when due of all Rent (as defined in the Lease) due or to become due under the Lease and all of the other indebtedness, liabilities and obligations, whether direct or indirect, absolute or contingent, related or unrelated, now or in the future existing of, or owed by, Tenant to PS Realty as described in, evidenced by, or arising out of, the Lease. This is a payment guaranty and not a collection guaranty. Guarantor's obligations under this Guaranty are continuing and will not be released, discharged, affected, modified or impaired by any event, circumstance or condition. PS Realty may, at any time and from time to time, without notice to, or the consent of Guarantor, and without releasing, discharging or modifying Guarantor's liabilities under this Guaranty: (a) renew, amend, modify, waive or change the terms or conditions of the Lease or any other agreement between Tenant and PS Realty, (b) grant consents or approvals to Tenant under the Lease or any other agreement between Tenant and PS Realty, (c) release any Person (as defined in the Lease) liable for any or all of the indebtedness, obligations, and liabilities guaranteed by Guarantor, and (d) exercise all rights and remedies under the Lease and any other agreement between Tenant and PS Realty. Guarantor's obligations under this Guaranty will not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based on any claim Guarantor may have against Tenant, PS Realty, or Franchisor (as defined in the Lease).

_____
Name:_____

STATE OF _____)
)SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__ by _____.

_____
Notary Public

My Commission
Expires:_____

[Seal]

1. To address state law variations, if any

EXHIBIT G TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE (this "Addendum") dated _____, 20____ is entered into by and between _____ ("Landlord"), and _____ ("Tenant").

RECITALS

A. The parties have entered into a certain lease dated _____, 20____, (the "Lease") which pertains to the premises located at _____ (the "Premises").

B. Landlord acknowledges that Tenant intends to operate a Penn Station® Restaurant in the Premises under a Penn Station Unit Franchise Agreement (the "Franchise Agreement") with Penn Station, Inc., an Ohio corporation ("PSI").

C. Landlord acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and that Tenant would not lease the Premises without this Addendum.

D. The parties now desire to amend the Lease in accordance with the terms and conditions in this Addendum.

AGREEMENT

NOW, THEREFORE, it is mutually agreed between Landlord and Tenant that, notwithstanding anything to the contrary in the Lease:

1. **Use of the Premises**. Tenant's right to use and occupy the Premises as a Penn Station® Restaurant includes the right to sell those menu items from time to time specified under the terms of the Franchise Agreement and to engage in those activities and operations from time to time conducted by a Penn Station® Restaurant.

2. **Tenant Improvements; Decor; Remodeling**. At the commencement of the Lease, Tenant will have the right to make all alterations and improvements to the Premises which are required by the plans and specifications for a Penn Station® Restaurant, as those plans and specifications have been ~~approved~~consented to specifically by PSI for the Premises. During the term of the Lease (including any extensions or renewals of the Lease), Tenant will have the right to remodel the Premises from time to time according to the plans and specifications ~~approved~~consented to by PSI for each remodeling.

3. **Signage**.

3.1 Landlord approves the design, size, and specifications of the exterior signs (if more than one) described in Exhibit A to this Addendum, including the colors and open channel lettering (the "Approved Exterior Signs") (if there is one Approved Exterior Sign described in Exhibit A, then the term "Approved Exterior Signs" in this Addendum means that single Approved Exterior Sign).

3.2 Tenant will have the right to install and display (a) the Approved Exterior Signs on the exterior of the Premises and (b) all proprietary marks and signs on the interior of the Premises, as Tenant is, in each instance, required to do pursuant the terms of the Franchise Agreement. The placement of the

Approved Exterior Signs on the exterior of the Premises will be as permitted by applicable building and zoning codes.

3.3 If Tenant desires to replace any of the Approved Exterior Signs with another exterior sign (the "Replacement Sign"), then Tenant will submit to Landlord the proposed design, size, placement and specifications of the Replacement Sign. The Replacement Sign is subject to the approval of Landlord, which approval will not be unreasonably withheld, delayed or conditioned. Landlord may not withhold its approval of the Replacement Sign if each of the following conditions are met:

(a) (i) the Replacement Sign does not exceed the height and width of the Approved Exterior Sign being removed, (ii) the placement of the Replacement Sign on the exterior of the Premises is not materially different from that of the Approved Exterior Sign being removed, and (iii) the Replacement Sign conforms to applicable zoning and building codes; and

(b) Any material changes to the Replacement Sign from the Approved Exterior Sign being removed involve color changes or changes to the logo or the size, design or style of the letters (it being acknowledged and agreed to by Landlord that the Replacement Sign may have neon tube, open channel lettering).

Once approved by Landlord, the Replacement Sign will be an "Approved Exterior Sign" for purposes of the Lease.

4. Assignment.

4.1 Tenant has the right to assign or sublease any or all of its rights, titles and interests in the Lease and Premises to PSI or its Designated Person at any time during the term of the Lease, including any extensions or renewals of the Lease, without first obtaining Landlord's consent. "Designated Person" means, as designated by PSI in writing to Landlord, any affiliate of PSI or any franchisee of PSI.

4.2 No assignment or sublease of the Lease and Premises pursuant to this Section 4 will (a) be effective until such time as PSI or its Designated Person gives Landlord written notice of its acceptance of the assignment or sublease or (b) delegate to, or create in, PSI (or its Designated Person) any liability or responsibility for any acts, conditions or circumstances arising before the effective date of the assignment or sublease to PSI (or to its Designated Person). Furthermore, nothing contained in this Addendum or in any other document (i) constitutes PSI or its Designated Person a party to the Lease or a guarantor of the Lease or (ii) creates any liability or obligation on PSI (or, as applicable, its Designated Person) unless and until the Lease is assigned or subleased to, and accepted in writing by, PSI (or, as applicable, by its Designated Person).

4.3 Should the Lease be assigned or subleased to, and accepted in writing by, PSI (or by its Designated Person), then PSI will have the further right to assign or sublease the Lease and Premises to another franchisee of PSI at any time during the term of the Lease, including any extensions or renewals of the Lease, without first obtaining Landlord's consent. If PSI should assign its rights to another franchisee, then PSI will be relieved of all liability for any acts, conditions or circumstances arising after the date of that assignment.

5. Default and Notice.

(a) If Landlord gives Tenant notice of any default or violation by Tenant under the terms of the Lease, Landlord will also give PSI notice of that default or violation promptly after Landlord has given that notice to Tenant.

(b) All notices to PSI will be sent by registered or certified mail, postage prepaid, to the following address:

Penn Station, Inc.
1226 US Highway 50
Milford, OH 45150
Attn: President

PSI may change its address for receiving notices by giving Landlord written notice of its new address. Landlord will notify both Tenant and PSI of any changes in Landlord's mailing address to which notices should be sent.

6. **Termination or Expiration**. On the expiration or termination of either the Lease or the Franchise Agreement, Landlord will allow PSI to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, (a) to remove all signs, advertising, logos, and other items identifying the Premises as a Penn Station® Restaurant and (b) to make any other modifications as are reasonably necessary: (i) to protect PSI's proprietary marks and the Penn Station system and (ii) to distinguish the Premises from a Penn Station® Restaurant. The obligations of Landlord under this Section 6 are conditioned on (1) PSI's giving Landlord prior notice of the modifications to be made and the items removed and (2) PSI's repairing of any physical damage PSI causes to the Premises during its removal of the items described above and PSI's modifications (if any) to the Premises described above.

7. **No Liability**. Landlord further acknowledges that Tenant is not an agent, partner or employee of PSI and that Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind, PSI and that Landlord has entered into the Lease and this Addendum with full understanding that neither of the Lease nor this Addendum creates any duties, obligations or liabilities on or against PSI.

8. **Amendments**. No amendment or variation of the terms of this Addendum is valid unless (i) made in writing and signed by Landlord and Tenant and (ii) PSI has provided its written consent to the amendment.

9. **Reaffirmation of Lease; Governing Terms**. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease are confirmed and remain in full force and effect. This Addendum is incorporated into, and is made a part of, the Lease as if fully rewritten in the Lease. The terms of this Addendum will govern in the case of any conflict or inconsistency between the terms of the Lease and this Addendum.

10. **Enforcement by PSI**. It is expressly acknowledged and agreed that PSI is a third party beneficiary of the agreements of Landlord set forth in this Addendum. Either PSI or Tenant (or both) shall have the right to enforce Landlord's agreements in this Addendum.

11. **Terms; Captions**. As used in this Addendum, the term "affiliate" means any person or entity (i) that is owned or controlled by PSI, (ii) which owns and controls PSI, or (iii) which is under common control with PSI. All references in this Addendum to any agreement, instrument, or document will be treated as being references to the particular agreement, instrument or document as the agreement, instrument or document may, from time to time, be modified, amended, renewed, restated, consolidated, extended, or replaced. The captions contained in this Addendum are for reference purposes only and will not affect or relate to the interpretation of this Addendum. Whenever the word "including" or "includes" is used in this Addendum, those terms are used by way of illustration and not by way of limitation.

IN WITNESS WHEREOF, the parties have signed this Addendum to Lease as of the day, month and year written in the opening paragraph.

_____

By:_____
Title: _____
("Landlord")

_____

By: _____
Title: _____
("Tenant")

EXHIBIT H TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

MULTI-UNIT DEVELOPMENT AGREEMENT

~~(~~PENN STATION~~'s Letterhead)~~, INC.
1226 US HIGHWAY 50
MILFORD, OH 45150
TELEPHONE: 513-474-5957
FAX: 513-474-7116
www.penn-station.com

[Date]

[~~Franchisee~~Developer Name]
[Address]
[City, State, Zip Code]

Re: Multiple Unit Development

Dear _____:

1. The purpose of this ~~letter~~agreement (this "Agreement") is to confirm our understanding of your plans for the development of _____ new Penn Station® Restaurants ("Restaurants") in the Development Territory (as defined below) and to describe your rights and obligations with respect to that development. Penn Station, Inc. ("Penn Station") hereby grants to _____, a _____ company ("you") the right, and you undertake the obligation, to lease, construct, equip, open and operate _____ new Restaurants within the territory described in Exhibit A ("Development Territory") at a site ~~approved~~you propose and consented to by Penn Station, in accordance with the following schedule ("Development Schedule"), by the Development Schedule Deadline, and the other terms and conditions of this ~~letter~~Agreement:

Cumulative Number of Restaurants Open or Under Construction	Open or Under Construction On or Before ~~(the "Development Schedule Deadline"):~~
_____	_____, 20__
_____	_____, 20__
_____	_____, 20__
_____	_____, 20__
_____	_____, 20__

The "Development Schedule Deadline" means, for purposes of this ~~letter~~Agreement, the date set opposite each ~~specific~~ Restaurant or specific number of Restaurants listed in each row above in the

Development Schedule as the date by when ~~the~~such Restaurant or specific number of Restaurants must be open or under construction as defined in this ~~letter~~Agreement. Any Restaurant developed or to be developed by you outside of the Development Territory, will not be considered in the determination of your compliance with the Development Schedule.

2. You will pay to Penn Station an initial fee for the rights obtained under the terms of this ~~letter~~Agreement equal to $_____ (the "Territory Fee") which is equal to $3,500 multiplied by the total number of Restaurants specified in the Development Schedule. The Territory Fee is fully earned and is due on the signing of this ~~letter~~Agreement by Penn Station and is not refundable under any and all circumstances, including, without limitation, any termination of this ~~letter~~Agreement because you are in default of the Development Schedule. The Territory Fee is in addition to, and will not be applied against, any portion of the initial franchise fees due under each Unit Franchise Agreement (as defined below) for each Restaurant developed by you under this ~~letter~~Agreement.

3. Each Restaurant to be developed in accordance with this ~~letter~~Agreement will be established and operated pursuant to a separate franchise agreement to be entered into between you and Penn Station. The form and substance of each franchise agreement ("Unit Franchise Agreement") executed will be Penn Station's then-current franchise agreement being executed by other single unit franchisees at that time. You acknowledge and agree that each Unit Franchise Agreement signed by you and Penn Station may contain terms and conditions different than those provided for in the first Unit Franchise Agreement signed by you and Penn Station or in other Unit Franchise Agreements signed by you and Penn Station at other times. Notwithstanding anything to the contrary in the foregoing in this Section 3, each Unit Franchise Agreement will, for each Restaurant opened by you in the Development Territory in accordance with the Development Schedule, contain the same initial franchise fee as provided in Section 3.1.1 of the Unit Franchise Agreement and the same continuing monthly royalty fee formula as provided in Section 3.1.2 of the Unit Franchise Agreement, in each case, as set forth in the first Unit Franchise Agreement signed by you and Penn Station for the first Restaurant opened by you in the Development Territory in accordance with the Development Schedule.

4. Provided (i) you are in full compliance with the Development Schedule and the other terms of this ~~letter,~~Agreement and with all Unit Franchise Agreements between Penn Station and you~~,~~ and (ii) all other agreements with Penn Station or its affiliates or advertising co-ops and this ~~letter is~~Agreement are in full force and effect, Penn Station will not, prior to the Termination Date (as defined in Section 8), establish, franchise or license another to establish, a Restaurant within the Development Territory. Penn Station ~~reserves all~~has and retains the rights, however, ~~with respect to the Development Territory which are provided for in Section 6.4 of the Unit Franchise Agreement.~~among others, to:

(a) Grant other franchises for and licenses of its Marks and Copyrighted Materials in addition to those franchises and licenses already granted. For purposes of this Agreement, (i) "Marks" means all of Penn Station's trade names, service marks, trademarks and trade symbols, emblems, signs, slogans, trade dress, logos, colors, and insignias as Penn Station has adopted and designated for use in connection with the System and as Penn Station may hereafter acquire or develop and designate for use in connection with the System; (ii) "Copyrighted Materials" is defined to include all material, including, without limitation, all artwork and designs created by Penn Station or any other Person (as defined in Section 11) retained or employed by Penn Station and used with the Marks or in the operation of a Restaurant; and (iii) "System" means the business system developed by Penn Station for operating a restaurant featuring Philadelphia-style cheesesteaks and submarine sandwiches, as in effect from time to time;

(b) Use the Marks and Copyrighted Materials in connection with the sale of products and services by Penn Station in any context or channel of distribution; *however*, nothing in this Section 4(b) may be construed to allow Penn Station to establish itself, to franchise or license another to establish, a restaurant concept (whether under the Marks, marks similar to the Marks, or other marks) featuring as the primary menu items, Philadelphia-style cheesesteaks and submarine sandwiches, within the Development Territory so long as this Agreement is in full force and effect and the Termination Date has not occurred; and

(c) Develop, establish, and operate other, new systems ("Other Systems") under marks, other than the Marks, and to grant licenses and franchises of, these Other Systems anywhere within the Development Territory without providing you any rights to these Other Systems; *however*, nothing in this Section 4(c) may be construed to allow Penn Station to establish itself, to franchise or license another to establish, a restaurant concept (whether under the Marks, marks similar to the Marks, or other marks) featuring as the primary menu items, Philadelphia-style cheesesteaks and submarine sandwiches, within the Development Territory so long as this Agreement is in full force and effect and the Termination Date has not occurred.

5. Your right to commence construction of any new Restaurants pursuant to this ~~letter~~Agreement is subject to your compliance, and you will not be "under construction" for purposes of this ~~letter~~Agreement unless you comply, with each of the following conditions ("Under Construction Conditions"):

(a) Each proposed site for each Restaurant must be formally presented to Penn Station on its then-current Site Analysis form and any lease must be formally presented to Penn Station on its then-current Lease Checklist form for Penn Station's prior written ~~approval~~consent before any obligation is assumed by you with respect to the site. Penn Station will review the site proposed by you, and Penn Station will determine if the proposed site is acceptable to Penn Station in its sole judgment. If the site is unacceptable to Penn Station, you must locate another site by the applicable Development Schedule Deadline that is acceptable to Penn Station. Penn Station will provide you written notice of its ~~approval~~consent or disapproval, as the case may be, of the proposed site within 30 days after receiving your written proposal. Penn Station will not be treated as giving its ~~approval~~consent of any site simply by failing to respond to you within 30 days after receiving your written proposal for a site. Neither you nor your owners may directly or indirectly own the site unless (i) Penn Station has determined that the proposed rental rate under the proposed lease is a market rate, and the proposed lease, which is in writing, is otherwise on market terms and conditions; (ii) Penn Station has determined that your development capital (including, without limitation, any portion used by one or more owners to own the premises) is adequate to complete your obligations under this Agreement; and (iii) the term of the proposed lease is coterminous with the applicable Unit Franchise Agreement. Notwithstanding Penn Station's exercise of its right to consent to any site selected by you, Penn Station does not assume and will not be deemed to have assumed any responsibility or liability to you for exercising this right. Penn Station makes no representations, warranties or guaranties, express or implied, as to (A) the potential volume, profits, returns, or success of a Restaurant at any location consented to by Penn Station under this Agreement or (B) the accuracy, validity, or reliability of any information provided by any third-party demographic or site selection services firm from whom Penn Station may provide you information;

(b) Penn Station has determined, in advance, that you have the financial and operational capabilities to develop the new Restaurant at the proposed site. Penn Station's determination of financial and operational capability will be based on (i) your compliance with Penn Station's then-current Multi-Unit Guidelines; (ii) your financial condition; (iii) the payment history, if any, to Penn

Station, its affiliates, and any Penn Station advertising cooperatives; and (iv) any other pertinent financial information that may be requested by Penn Station, together with the Performance Evaluations of any existing Restaurants owned or operated by you, which evaluation will be conducted at and prior to the time of each request by you to develop a new Restaurant pursuant to this ~~letter~~Agreement. All of this information will be submitted, reviewed and evaluated by Penn Station in accordance with Penn Station's then-current Multi-Unit Guidelines; and

(c) If Penn Station ~~approves~~consents to your proposed site, then you must (i) sign the then current Unit Franchise Agreement (subject to Section 3), return it to Penn Station and pay to Penn Station all required fees under the Unit Franchise Agreement in respect of the applicable Restaurant before you may order location-specific drawings and construction documents for the proposed site and (ii) sign a lease for the site in accordance with the terms, and subject to the conditions, of Section 1.3.1 of the Unit Franchise Agreement, including, without limitation, Penn Station's then current Lease Addendum form.

If you do not satisfy any of the Under Construction Conditions, Penn Station will be under no obligation to execute a Unit Franchise Agreement for a new Restaurant. The preparation of plans, the putting out of the construction for bid, the beginning of construction of a new Restaurant and a lease for the site cannot occur until a Unit Franchise Agreement is executed by Penn Station and you for that Restaurant.

6. ~~If~~Notwithstanding anything to the contrary in this Agreement, if you do not have open or under construction the required number of Restaurants strictly in accordance with the Development Schedule, even if the reason why the Restaurant is not open or under construction is your inability to satisfy any of the Under Construction Conditions, Penn Station may, among other rights and remedies, (a) terminate your rights to develop new Restaurants for which no Unit Franchise Agreement has been executed by Penn Station under this ~~letter~~Agreement, effective immediately on Penn Station's transmittal of a notice of termination to you or (b) may do any or all of the following: (i) reduce the number of Restaurants that you may open under this ~~letter~~Agreement, (ii) accelerate one or more of the Development Schedule Deadlines, and (iii) establish, or franchise or license another Person to establish, Restaurants within the Development Territory. ~~Please understand that Penn Station's past history of granting extensions and revisions to development schedules does not apply~~Time is of the essence with respect to your obligation under this ~~letter, time being of the essence~~Agreement. Further, if, at any time, you are in default under any Unit Franchise Agreement or any other agreement executed by you and Penn Station or its affiliates or advertising co-ops, Penn Station may terminate the rights to develop new Restaurants granted under this ~~letter~~Agreement.

7. The rights granted to you in this ~~letter~~Agreement represent a special opportunity provided to you, separate from those afforded by any Unit Franchise Agreements executed or to be executed by Penn Station and are based upon your restaurant operations and development experience with Penn Station or otherwise. Therefore, the rights granted to you in this ~~letter~~Agreement may not be assigned, and on the sale, transfer or assignment of any of the Unit Franchise Agreements pertaining to ~~those~~any of the Restaurants developed under this ~~letter, then~~Agreement, this ~~letter~~Agreement will automatically terminate and be of no further force or effect.

8. The right to develop Restaurants in the Development Territory pursuant to this ~~letter~~Agreement and all of your other rights, interests and benefits under, or arising out of, this Agreement will terminate on the earliest to occur ("Termination Date") of the following (~~i~~a) _____, 20__, (~~ii~~b) the date that the last of the Restaurants for which you have rights to

develop pursuant to the Development Schedule is opened for business, as determined by Penn Station, or (~~iii~~c) the date your rights under this ~~letter~~Agreement are terminated by Penn Station in writing because of your default under this ~~letter~~Agreement, under any Unit Franchise Agreement or other agreement between you and Penn Station or any Penn Station affiliate or advertising co-op or because of a transfer of any of your Unit Franchise Agreements in the Development Territory. This ~~letter~~Agreement may not be renewed. On the Termination Date, this ~~letter~~Agreement and all rights to develop and open Restaurants will automatically terminate without any further notice or act of Penn Station or you.

9. This ~~letter~~Agreement includes only the right to select proposed sites for the construction of Restaurants and to submit the proposed sites to Penn Station for its review and consideration in accordance with the terms of this ~~letter~~Agreement. This ~~letter~~Agreement does not include the grant of a license by Penn Station to you of any right to use the Marks, the Copyrighted Materials or the System ~~(as each of those terms is defined in any Unit Franchise Agreement)~~, a grant of a Penn Station franchise, or the right to open or operate any Restaurants within the Development Territory. Assuming you strictly comply with the terms of this ~~letter~~Agreement and the Unit Franchise Agreement, you will obtain those rights only after each Unit Franchise Agreement has been signed by Penn Station and you for the specific Restaurant and only in accordance with the terms of each Unit Franchise Agreement.

10. Unless Penn Station has otherwise agreed in writing, each Unit Franchise Agreement executed pursuant to this ~~letter~~Agreement must be executed by you.

11. Penn Station will have the right to transfer or assign all or any part of its rights and/or delegate all or any part of its obligations under this ~~letter~~Agreement or under any other agreement between Penn Station and you to any ~~Person (as defined in any Unit Franchise Agreement~~natural person, legal entity, trust, association or authority (a "Person"); *however*, as a condition of any total assignment by Penn Station of its rights and total delegation of its obligations, the Person to whom Penn Station assigns its interests will assume Penn Station's obligations under this ~~letter~~Agreement arising on and after the effective date of the assignment. You will sign any forms Penn Station may reasonably request to effectuate any assignment by Penn Station.

12. You acknowledge that neither Penn Station nor anyone on behalf of Penn Station has made any representations, warranties, inducements, promises or agreements, orally or otherwise, respecting the subject matter of this ~~letter~~Agreement which have been relied on by you and are not embodied in this ~~letter~~Agreement (except as may have been made in the disclosure document given to you), and that there are no other representations which induced you to sign this ~~letter~~Agreement. This ~~letter~~Agreement (and the exhibits referred to in this ~~letter) and each Unit Franchise~~ Agreement ~~signed contemporaneously with this letter~~): (a) will supersede any and all understandings, negotiations and agreements, either oral or in writing, between Penn Station and you, which occurred or existed before or on the date of this ~~letter~~Agreement with respect to the subject matter of this ~~letter~~Agreement and (b) contain all of the covenants, warranties and agreements between Penn Station and you with respect to the subject matter of this ~~letter~~Agreement. Notwithstanding anything to the contrary in this Section 12, this ~~letter~~Agreement will not in any way supersede, merge, limit or abrogate, or be construed in any way to supersede, merge, ~~into~~limit or ~~with~~abrogate, any Unit Franchise Agreement between you and Penn Station, including, without limitation, any of your or your owners' agreements, duties or obligations thereunder. Any amendment or modification of this ~~letter~~Agreement is invalid unless made in writing and signed by Penn Station and you.

13. As a result of the rights being granted to you under this ~~letter~~Agreement, certain Penn Station information may be disclosed to you pertaining to, among others, Penn Station's operating manual, business system, and other information, knowledge and know-how pertaining to a Restaurant, including, without limitation, Penn Station's recipes, store operational methods, techniques, cost containment programs, marketing and developmental plans, strategies, and research prepared or obtained by, or for the benefit of, Penn Station, its franchisees, and/or any Penn Station restaurants (collectively, "Confidential Information"). Confidential Information, however, will not include information which you can demonstrate has become part of the public domain by proper and lawful means through publication and communication by others at the time of disclosure to you, or, after the time of disclosure to you, has become a part of the public domain by proper and lawful means through publication or communication by ~~persons~~Persons (other than you, your owners, officers, representatives or agents) who have been authorized by Penn Station to make the publication and disclosure. ~~You~~Neither you nor any of your owners shall ~~not~~, at any time during or following termination or expiration of this ~~letter~~Agreement, communicate, divulge or use to your benefit or for the benefit of any ~~person, entity or association~~Person any Confidential Information that has been obtained by, or disclosed to, you or which you may be apprised by virtue of the exercise of your rights under this ~~letter~~Agreement.

14. Penn Station assumes no liability or obligation to you by providing any waiver, approval, consent or suggestion to you in connection with this ~~letter~~Agreement, or by reason of any neglect, delay or denial of any request for any waiver, approval, consent or suggestion.

~~15[2]~~

~~. This letter, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of Ohio (without regard to Ohio conflicts of laws principles).~~15. You will indemnify and hold harmless Penn Station (and its owners, directors, officers, employees, and agents), in each case, from any and all claims, demands, obligations, damages, losses, and liabilities (including, without limitation, all costs, expenses and attorneys' fees) (a "Claim") arising out of or in connection with: (a) any of your (or your owners or officers') acts or omissions in exercising any of the rights or interests granted to you under this Agreement or (b) any breach or default by you (or your owners or officers) in the performance of any of your or their respective agreements or obligations under this Agreement except to the extent a Claim is based solely on the grossly negligent or willful act of Penn Station. Under no circumstances will (i) you settle any Claim without Penn Station's consent or (ii) Penn Station be required or obligated to seek recovery from third parties or otherwise mitigate its losses to maintain a claim for indemnification against you. Your obligation to indemnify Penn Station as provided in this Section 15 is in addition to your obligations (A) to provide insurance under any Unit Franchise Agreement to which you are a party and (B) to indemnify Penn Station under any Unit Franchise Agreement to which you are a party.

16. As a specifically bargained inducement for Penn Station to sign this Agreement and to grant the rights granted by it under this Agreement, if this Agreement expires or is terminated and you are not, at that time, a party to a Unit Franchise Agreement for a Restaurant located in the Development Territory, then for a period of two (2) years after the date this Agreement expired or was terminated, none of you or any of your owners, directors (or managers) or officers will either directly or indirectly, for itself, themselves, herself or himself, or through, on behalf of, or in conjunction with, any Person or Persons, own, operate, maintain, manage, be employed by, engage in, consult with, or have any interest

~~2. For franchises which are located in the State of Indiana this will read: "This letter, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of the State of Ohio (without regard to Ohio conflicts of laws principles) except to the extent governed by Indiana laws which are of mandatory application."~~

(whether as an owner, shareholder, officer, director (or manager), partner, member, employee, joint venturer, beneficiary, independent contractor, agent, or having any other interest) in, any business or enterprise which offers for sale Philadelphia-style cheesesteak sandwiches or submarine sandwiches, or both (in any combination), within the Development Territory as in effect on the date of this Agreement (regardless of whether this Agreement has expired or has been terminated).

17. Section 16 will be construed as independent of any other provisions of this Agreement. If all or a portion of Section 16 is held unreasonable or unenforceable by a court or governmental agency having valid jurisdiction in an order that becomes final and unappealed to which Penn Station is a party, then each of you and your owners, directors (or managers) and officers expressly agree to be bound by any lesser covenant subsumed within the terms of the invalidated provision to the maximum extent permitted by law as if the resulting covenant were originally and separately stated in, and made a part of, Section 16.

18[3]. This Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of Ohio (without regard to Ohio conflicts of laws principles).

~~16~~19[4]. As a specifically bargained inducement for Penn Station to ~~enter into this letter~~sign this Agreement and to grant the rights granted by it under this Agreement, you and Penn Station each agree that any action, suit or proceeding in respect of or arising out of this ~~letter~~Agreement, its validity or performance, will be initiated and prosecuted as to both parties and their successors and assigns exclusively in any court situated at Cincinnati, Ohio. Penn Station and you each consent to and submit to the exercise of jurisdiction over its person by any court situated at Cincinnati, Ohio having jurisdiction over the subject matter and consents that all service of process be made by certified mail directed to you and Penn Station at their respective addresses set forth in ~~any Unit Franchise~~this Agreement or as otherwise provided under the laws of the State of Ohio. You waive any objection based on forum *non conveniens*, and any objection to venue of any action instituted under this ~~letter~~Agreement, and you consent to the granting of such legal or equitable relief as is deemed appropriate by the court.

~~17.~~20. As a specifically bargained inducement for Penn Station to sign this ~~letter~~Agreement and to grant the rights granted by it under this ~~letter, you and Penn Station each waives trial by jury with respect to any action, claim, suit or proceeding in respect of or arising out of this letter or any other agreement between you and Penn Station or the conduct of the relationship between Penn Station and you~~Agreement, YOU AND PENN STATION EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND PENN STATION OR THE CONDUCT OF THE RELATIONSHIP BETWEEN PENN STATION AND YOU.

21. This Agreement may be signed by electronic signatures (including, without limitation, deliveries by facsimile, emailed portable document format or any other electronic means that reproduces an image of an actual executed signature page) of an executed counterpart of a signature page to this Agreement), and if so signed, (a) may be relied on by each party as if the document were a manually

3. For developers which are located in the State of Indiana this will read: "This letter, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of the State of Ohio (without regard to Ohio conflicts of laws principles) except to the extent governed by Indiana laws which are of mandatory application."

4. For ~~franchises~~developers which are located in the State of Indiana and Michigan this ~~paragraph 16~~Section 19 will be deleted.

signed original and (b) will be binding on each party for all purposes. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement after all of the parties to this Agreement have executed and delivered this Agreement. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages. Without notice to or the consent of you or any other party to this Agreement, Penn Station may (i) create electronic images of this Agreement or any other document related to or arising from this Agreement and (ii) destroy paper originals and/or paper copies of any and each of such imaged documents and cease maintaining a paper-based recordkeeping system in whole or in part. Such images shall have the same legal force and effect as the paper originals or paper copies and are enforceable for all purposes against you, each of your owners and any and all other parties to or bound by this Agreement.

~~18.~~22. If you agree to the terms set out in this ~~letter~~Agreement, please execute the enclosed copy and return it to my attention. Please do not execute this ~~letter~~Agreement until the expiration of fourteen (14) calendar days after your receipt of Penn Station's current franchise disclosure document. On receipt and signing by Penn Station, this ~~letter~~Agreement will be a legally binding agreement.

[*Signature Page Follows*]

Very truly yours,

PENN STATION, INC.

By:_____

ACKNOWLEDGED AND AGREED by each of the following:

Developer:

_____

~~Franchisee~~

By:_____
Name Printed:_____
Title:_____
Date:_____

Developer Owners:

_____
Individually
Name Printed:_____
Date:_____

_____
Individually
Name Printed:_____
Date:_____

(rev. ~~06/~~03/~~15~~26/2021)

Exhibit A

(Development Territory)

(See Attached Map)

Any site for a Restaurant within the Development Territory may not be within (1) the restricted territory provided for in any other franchise agreement between Penn Station and you, (2) the development territory provided for in any multi-unit development agreement between Penn Station and another franchisee, or (3) the restricted territory of any other Penn Station franchisee as provided for in that franchisee's franchise agreement in effect at the time of selecting a site for a Restaurant.

State of California

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~15~~18 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~15.~~18. This ~~letter~~Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of Ohio (without regard to Ohio conflicts of laws principles). THIS SECTION ~~15~~18 MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

5. Section ~~16~~19 of the Multi-Unit Agreement is hereby modified by adding the following two sentences at the end thereof to provide in their entirety as follows:

> THIS ~~LETTER~~ AGREEMENT REQUIRES OHIO AS THE FORUM FOR PERMITTED LITIGATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

6. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station.

{*Signature Page Follows*}

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

State of Illinois

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~15~~18 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~15.~~18. This ~~letter~~Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of Illinois (without regard to Illinois conflicts of laws principles).

5. Section ~~16~~19 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~16.~~19. Any condition, situation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois, is void.

6. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station. Notwithstanding the foregoing, nothing in the Multi-Unit Agreement or this Addendum is intended to disclaim the express representations made in the Franchise Disclosure Document.

{*Signature Page Follows*}

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

State of Maryland

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~16~~19 of the Multi-Unit Agreement is hereby modified by adding the following sentence at the end thereof to provide in its entirety as follows:

> "Nothing in this Section ~~16~~19 shall limit your rights under Maryland law to enter into litigation with Penn Station within three years after the grant of the franchise alleging a violation of Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland."

5. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station.

{*Signature Page Follows*}

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

State of Minnesota

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~15~~18 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~15.~~18. This ~~letter~~Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of Ohio (without regard to Ohio conflicts of laws principles). This Section ~~15~~18 will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes 1992, Chapter 80C, Sections 80C.01 to 80C.22.

5. Section ~~16~~19 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~16.~~19. [Reserved].

6. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station.

{Signature Page Follows}

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

State of New York

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~15~~18 of the Multi-Unit Agreement is hereby amended in its entirety by substituting in its stead the following:

> ~~15.~~18. This ~~letter~~Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of Ohio (without regard to Ohio conflicts of laws principles). This Section ~~15~~18 should not be considered as a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

5. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station.

{*Signature Page Follows*}

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Section ~~15~~16 of the Multi-Unit Agreement is hereby modified by adding the following to the end thereof:

> "The covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

5. Section 18 of the Multi-Unit Agreement is hereby deleted in its entirety and the following substituted therefor:

> "~~15.~~18. This ~~letter~~Agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the laws of North Dakota."

~~5.~~6. Section ~~16~~19 of the Multi-Unit Agreement is hereby deleted in its entirety and the following substituted therefor:

> "~~16.~~ 19. [Reserved]."

~~6.~~7. Section ~~17~~20 of the Multi-Unit Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

> "~~17.~~20. [Reserved]."

~~7.~~8. This Addendum, together with the Multi-Unit Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

State of Rhode Island

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. Sections ~~15~~18 and ~~16~~19 of the Multi-Unit Agreement are hereby modified by adding the following to the end of each section thereof:

> "Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

5. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between You and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both You and Penn Station.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____
(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____
Individually
Name Printed: _____
Date: _____

_____
Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the Multi-Unit Development Agreement (this "Addendum") is attached to and made a part of the Multi-Unit Development Agreement dated _____, 20__ (the "Multi-Unit Agreement"), by and between Penn Station, Inc. ("Penn Station") and _____, a _____ the principal place of business of which is located at _____ ("You"), dated as of _____, for the purpose of modifying and amending the terms of the Multi-Unit Agreement. For such purpose, Penn Station and You agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Multi-Unit Agreement.

2. In the event of a conflict between the terms of the Multi-Unit Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically amended by this Addendum, all terms of the Multi-Unit Agreement are ratified and confirmed and remain in full force and effect. The Multi-Unit Agreement, as amended by this Addendum, will be construed as one agreement.

4. The Multi-Unit Agreement is hereby modified by adding the following new Section to the end thereof:

> "~~19.~~23. Washington Disclosures and Modifications**.** The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect Penn Station's reasonable estimated or actual costs in effecting a transfer."

5. This Addendum, together with the Multi-Unit Agreement to which it is attached, contains the entire agreement between you and Penn Station. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both you and Penn Station.

6. By signing below, you acknowledge receipt of this Addendum.

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the date of the Multi-Unit Agreement.

_____

_____

(Name of ~~Other~~Developer Party to Multi-Unit Agreement)

By: _____
Name Printed: _____
Title: _____
Date: _____

Developer Owners:

_____

Individually
Name Printed: _____
Date: _____

_____

Individually
Name Printed: _____
Date: _____

PENN STATION, INC.

By: _____
Name Printed: _____
Title: _____
Date: _____

EXHIBIT I TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

STATE ADMINISTRATOR AND AGENTS FOR SERVICE LIST

A. State Administrator List:

1. Commissioner of Business Oversight, Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

2. Hawaii Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2744

3. Office of the Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

4. Indiana Securities Division, Franchise Section
302 West Washington Street, Room E111
Indianapolis, Indiana 46204
(317) 232-6681

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

6. Franchise Administrator of the Michigan Department of the Attorney General
670 Williams Building
Lansing, Michigan 48913
(517) 373-7117

7. Franchise Examiner
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-6328

8. New York State Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl.
New York, NY 10005
(212) 416-8285

9. Franchise Examiner
State of North Dakota Securities Department
State Capital, Fifth Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-2910

10. State of Oregon
Department of Consumer and Business Services
Division of Finance and Corporate Securities
350 Winter Street NE, Room 410
Salem, Oregon 97301
(503) 378-4140

11. Rhode Island Department of Business Regulation
Securities Division
John O. Pastore Complex, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407
(401) 462-9587

12. South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

13. Chief Examiner of the Virginia State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

14. Washington
Administrator
Department of Financial Institutions
Division of Securities
P.O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

15. Wisconsin Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

B. Agents for Service of Process:

1. In All States (other than California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin):
Jeffrey J. Osterfeld
1226 US Highway 50
Milford, Ohio 45150

2. In California:
California Commissioner of Business Oversight
1515 K. Street, Suite 200
Sacramento, California 95814

3. In Hawaii:
Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813

4. In Illinois:
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

5. In Indiana:
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

6. In Maryland:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

7. In Michigan:
Michigan Department of Attorney General
670 Williams Buildings
525 W. Ottawa
Lansing, Michigan 48913

8. In Minnesota:
Minnesota Commissioner of Commerce
Department of Commerce
85 E. 7th Place, Suite 500
St. Paul, Minnesota 55010

9. In New York:
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

10. In North Dakota:

North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, North Dakota 58505

11. In Oregon:

Director of Oregon Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, NE, Room 410
Salem, Oregon 97301

12. In Rhode Island:

Director of Rhode Island Department of Business Regulation
Department of Business Regulation
Securities Division
John O. Pastore Complex, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407

13. In South Dakota:

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

14. In Virginia:

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

15. In Washington:

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, Washington 98501

16. In Wisconsin:

Administrator, Division of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703

EXHIBIT J TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

40. ~~1.~~ The page immediately preceding the Table of Contents shall be modified by inserting the following at the end thereof:

DISCLOSURES REQUIRED BY THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

41. ~~2.~~ Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

> "Except as may be disclosed in this Item 3, neither Penn Station nor any person listed in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange."

42. ~~3.~~ Item 6 of the disclosure documents is hereby modified by substituting the following in place of the ninth line item of the table regarding fees:

Name of Fee	Amount	Due Date	Remarks
Late Fee*	$75 plus if payment is late by more than 10 days, interest at the prime rate + 3% per annum on overdue amounts. The interest rate cannot exceed 10% in California.	When payment or sales data is overdue. Also due when operating income statement is late.	See Note 8

43. ~~4.~~ Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

> "California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning the transfer and termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires that courts situated in Cincinnati, Ohio will have sole jurisdiction over enforcement of litigation and/or enforcement of the Franchise Agreement. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

The franchise agreement requires you to sign a general release of claims upon renewal of the Franchise Agreement, and under the terms of the Franchise Agreement, you may be required to sign a general release of claims upon transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)."

5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the California commissioner of corporations may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. This disclosure document is hereby modified to comply with Hawaii law by adding the following disclosure to the "Special Risks to Consider about This Franchise":

"THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."

2. Item 2 of the disclosure document is hereby modified by the addition of the following:

"No person identified in this Item 2 has within 10 years:

(a) been found guilty of a felony or held liable in a civil action by final judgment if the civil action involved a fraud, embezzlement, fraudulent conversion, or misappropriation of property; or

(b) been subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any state denying

registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor or to any currently effective order of any national securities association or national securities exchanges (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership of such association or exchange; or

(c) been subject to any currently effective order or ruling of the Federal Trade Commission or to any currently effective order relating to business activity as a result of an action brought by any public agency or department."

3. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

"The proceeds from the initial franchise fee are not segregated but are placed in Penn Station's general fund for general corporate use, including, in part, the provision of the services promised by Penn Station to each franchise owner under the Franchise Agreement and, in part, to provide Penn Station a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Penn Station vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Penn Station has not determined the exact cost of providing these services."

4. The disclosure document is hereby modified by the addition of the following:

"As of the date of this disclosure document, Penn Station has filed franchise registrations in the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. There are no states which have refused, by order or otherwise, to register this franchise, which have revoked or suspended the right to offer this franchise, or in which the filing of this franchise has been withdrawn."

5. The disclosure document is hereby modified by the addition of the following:

"As of the date of this disclosure document, there are no Penn Station franchisees operating Penn Station Restaurants in Hawaii."

6. Item 11 of the disclosure document is hereby modified by adding the following language to the end thereof:

"Franchisees are not entitled to any refund of fees paid if the obligations to be performed by Penn Station prior to the opening of the franchised business are not complete within the prescribed time."

7. Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "These states have statutes which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-l33e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 121 1/2 par 1719-1720], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [stat. Section 80C.l4], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Chapter 37-5B], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise."

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. The Special Risks to Consider about This Franchise set forth on the Uniform Franchise Disclosure Document State cover page of this disclosure document are hereby modified to designate Illinois law as governing your Franchise Agreement and to set Illinois as the venue for claims arising with respect to your Franchise Agreement.

2. Item 17 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of the last two items of the chart regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	None.	
w. Choice of law	Section 24.1	Illinois law applies.

and by adding the following paragraph to the end thereof:

"Your rights upon termination and non-renewal of your Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.".

(b) by substituting the following in place of the last two items of the chart regarding the Multi-Unit Agreement:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
v. Choice of forum	None	
w. Choice of law	Section ~~14~~18	Illinois law applies.

and by adding the following paragraph to the end thereof:

"Your rights upon termination and non-renewal of your Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.".

(c) by substituting the following in place of the last two items of the chart regarding the Territory Reservation Letter:

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
v. Choice of forum	None	
w. Choice of law	Section 9	Illinois law applies.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

1. Item 6 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of the second ~~and~~, third and fifth line items of the table regarding fees:

Name of Fee	Amount	Due Date	Remarks
Local Advertising*	Up to 2% of total net sales per each calendar year plus the cost of (i) Grand Opening Advertising up to $10,000 and (ii) (a) the Loyalty Program, (b) the Penn Station Electronic Media Programs, (c) in-store displays, in-store advertising, and (d) promotional and coupon programs we develop up to 3%, in the aggregate for the items in (a) through (d), of total net sales per each calendar year.	Payable as incurred.	See Notes 2 and 14
Cooperative Advertising*	Established by franchisees and ~~approved~~consented to by us up to 4% of total net sales per each calendar year.	Established by franchisees.	See Note 3
Additional Training*	$300 daily with a cap of $6,300 per person. Current per diem fee to verify training and in selected situations.	Payable by the 10th day of the calendar month immediately following the calendar month in which training was finished.	See Note 5

(b) by substituting the following in place of Notes 2 and 3 to the table in Item 6:

"Note 2: Advertising

Local Advertising

We expect that you will undertake approved advertising and marketing directed specifically to your Restaurant ("Local Advertising") without prompting

from us. We have the right in your Franchise Agreement, however, to require you on 30 days advance notice to begin undertaking Local Advertising. Local Advertising expenditures are paid to third party providers. You will not be required by us to make expenditures for Local Advertising which exceed, in total, during any calendar year more than 2% of your total Net sales from each of your Restaurants. Amounts you must spend (i) under any shopping mall lease for a common advertising fund for the mall (exclusive of association dues), (ii) pursuant to your membership in any advertising cooperative (see Note 3 below), and (iii) under any advertising or marketing program mandated by Penn Station with any third-party delivery service from time to time (if any) (see Note 18 below), in each case, will be counted against that 2% amount. Similarly, amounts you must spend for other local or regional promotional programs we implement from time to time~~,~~; Grand Opening Advertising (see Note 16 below)~~,~~; gift card (or gift certificate), and coupon programs developed by us (see below in this Note 2), in-store displays and in-store advertising (see below in this Note 2)~~, pursuant to our~~; a Loyalty Program that is developed by us (see below in this Note 2)~~, pursuant to~~; our Penn Station Electronic Media Program(s) (see Note 14 below)~~,~~; and ~~for~~ national advertising discussed below in Note 4 are not included in that 2% amount. We also specify in our Operating Manual certain types of costs that do not count against the 2% amount.

Penn Station Promotional Programs; In-Store Display

In addition to Local Advertising for each of your Restaurants discussed above, you must participate, at your expense, in promotional, gift certificate (or gift card), and coupon programs developed by us periodically, and you must purchase, at your expense, in-store displays and in-store advertising (including quality statements, photographs of products, plaques, signs, banners, and the comment card, menu, and brochure box) that we periodically require you to have in your Restaurants. You will not be required by us to make expenditures for promotional programs and coupon programs developed by us or for in-store displays and in-store advertising we require, together with the Loyalty Program and Penn Station Electronic Media Program(s), which exceed, in total for all promotional/coupon programs, in-store displays/advertising, the Loyalty Program, and Penn Station Electronic Media Program(s), more than 3% of your total Net sales during each calendar year from all of your Restaurants. We specify in our Operating Manual certain types of costs that do not count against the 3% amount. We currently have a gift card program which is mandatory for, and uniformly imposed on, franchisees. Franchisees currently order gift cards directly from third party vendors. Currently, gift card administrative costs are paid for out of the national fund. When a customer purchases a gift card at a Restaurant, the sale proceeds are withdrawn by the gift card vendor from the bank account of the franchisee who sold the card and then transferred electronically to a bank account maintained by P.S. National Fund. If a gift card is redeemed at a Restaurant, the gift card vendor will cause the applicable funds to be withdrawn from the bank account where they are on deposit and then electronically transferred to the bank

account of the franchisee which had the gift card redeemed at his Restaurant. It is P.S. National Fund's current intent that any funds attributable to gift cards that P.S. National Fund determines, in its sole determination, to be unredeemed will be deposited into the national fund.

Loyalty Program

We ~~have a~~may implement from time to time a customer loyalty program, which ~~is~~, if implemented, will be mandatory for, and uniformly imposed on, franchisees (the "Loyalty Program"). You will not be required by us to make expenditures for our Loyalty Program, together with promotional programs and coupon programs, in-store displays and in-store advertising and Penn Station Electronic Media Program(s), which exceed, in total for all promotional/coupon programs, in-store displays/advertising, the Loyalty Program, and Penn Station Electronic Media Program(s), more than 3% of your total Net sales during each calendar year from all of your Restaurants. ~~The fees paid by you to the vendor of the Loyalty Program, currently, Bridg, Inc., are applied on a per Restaurant basis and will vary depending on the average level of customer participation on a system-wide basis; currently, the fees are $60 per month if there are less than 1,500 loyalty customers on average per Restaurant per month and $90 per month if there are 1,500 loyalty customers or more on average per Restaurant per month. The fees paid by you to the vendor of the Loyalty Program are payable monthly. For 2020, we may continue to use funds from the national fund to pay for the monthly platform and certain other administrative and support fees charged by the vendor of the Loyalty Program.~~

Electronic Media/Email Marketing Program

We require you to participate in any existing or future Penn Station Electronic Media Program. You will not be required by us to make expenditures for our Penn Station Electronic Media Programs, together with promotional programs and coupon programs, in-store displays and in-store advertising and our Loyalty Program, which exceed, in total for all promotional/coupon programs, in-store displays/advertising, the Loyalty Program, and Penn Station Electronic Media Program(s), more than 3% of your total Net sales during each calendar year from all of your Restaurants. Please see Note 14 below.

Note 3: Cooperative Advertising

If your Penn Station Restaurant is located within an area in which there is or is formed an advertising cooperative, then you must participate in the advertising cooperative established for that area and pay your required contribution directly to the cooperative. *See* Item 11 below for more details regarding advertising cooperatives. Cooperative advertising contributions that you make in accordance with advertising cooperative rules count toward the 2% Local Advertising obligation referenced above in Note 2.

Currently, there are three advertising cooperatives, one for each of the following areas: Greater Cincinnati, Ohio; Greater St. Louis, Missouri – western Illinois; and Greater Indianapolis, Indiana. The current rules of the Cincinnati cooperative require that each cooperative member pay 1.0% of the member's monthly Net sales to the cooperative's advertising fund, the St. Louis cooperative's current rules require a payment of 2.0% of Net sales, and the Indianapolis cooperative currently requires each member pay 2.50% of Net sales, which fees are uniformly imposed. There are also three informal, voluntary advertising cooperatives, one for the Greater Dayton, Ohio area, one for the Greater Louisville, Kentucky area and one for the Ft. Wayne, Indiana area. These cooperatives do not operate pursuant to any written rules; however, each of the Dayton and Ft. Wayne members have agreed to contribute 1.0% and 2.0%, respectively, of the member's monthly Net sales to the cooperative's advertising fund, and each of the Louisville members has agreed to contribute money to pay expenses as they are incurred. We have the right to ~~approve~~consent to or disapprove the amount of the fee set by the cooperatives. You will not be required by us or by the cooperative to make contributions to the advertising cooperative of which you are a member which exceed more than 4% of your total Net sales during each calendar year from all of your Restaurants which are included in the advertising cooperative.

We will, if we own any company-owned Restaurants in your geographic area, be a member of the cooperative to the same extent as you. As of the date of this disclosure document, all advertising cooperatives operate on the basis of one vote for each Penn Station franchise included within the cooperative. We do not have controlling voting power in any advertising cooperative."

2. Item 17 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of line item r. in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	No involvement (including after transfer) for 2 years in any business selling Philadelphia-style cheesesteak sandwiches or submarine sandwiches (in any combination) within the restricted territory designated in each of your franchise agreements.

(b) by substituting the following in place of the last two items in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	None	
w. Choice of law	Section 24.1	Ohio law applies. Indiana laws of mandatory application also apply.

(c) by substituting the following in place of the last two items in the table regarding the Multi-Unit Agreement:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
v. Choice of forum	None	
w. Choice of law	Section ~~14~~18	Ohio law applies. Indiana laws of mandatory application also apply.

and by adding the following paragraph to the end thereof:

"The above is a summary of the applicable provisions in your Franchise Agreement and Multi-Unit Agreement. Note: The Indiana Disclosure Law, IC 23-2-2.5 *et seq.*, and the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7-1 *et seq.*, and court decisions from Indiana courts may supersede your Franchise Agreement and Multi-Unit Agreement in your relationship with us, including the areas of termination and renewal of your Penn Station franchise and may limit our ability to restrict your activity after your Franchise Agreement has ended. With respect to item c. of the Franchise Agreement table set forth above, you are not required to release any claims against Penn Station arising under The Indiana Disclosure Law, IC 23-2-2.5 *et seq.*, or the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7-1 *et seq*.".

(d) by substituting the following in place of the last two items in the table regarding the Territory Reservation Letter:

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
v. Choice of forum	None	
w. Choice of law	Section 9	Ohio law applies. Indiana laws of

		mandatory application also apply.

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. The disclosure under Item 5 "Initial Fees" of the disclosure document is hereby modified by deleting paragraphs one, three and five and adding the following to the end of Item 5:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

After we qualify you as a franchisee, if you wish to reserve an area in which to look for the exact location of your proposed Restaurant and to receive site assistance from us to locate your proposed Restaurant, you can request that we enter into a Territory Reservation Letter agreement with you. A copy of the Territory Reservation Letter is attached as Exhibit L to this disclosure document (the "Territory Reservation Letter"). There is no requirement that you enter into a Territory Reservation Letter unless you desire to reserve an area in which to look for the exact location of your proposed Restaurant and to receive site assistance from us to locate your proposed Restaurant. Under the terms of the Territory Reservation Letter, you must select a site that is ~~approved~~consented to by us and located within the area reserved by the Territory Reservation Letter, secure financing for that site and then enter into a Franchise Agreement, all within the deadline established in the Territory Reservation letter. If we enter into a Territory Reservation Letter, you must pay to us a fee of $5,000 (a "Site Reservation Fee") to reserve the area in which you wish to locate your proposed Restaurant. The Site Reservation Fee is not applicable unless you sign a Territory Reservation Letter. The Site Reservation Fee is due upon the first to occur of: (a) the termination of the Territory Reservation Letter or (b) the date you open your Penn Station Restaurant, in which case the Site Reservation Fee is credited against the initial franchise fee described below. This Site Reservation Fee is being charged to persons who are qualified franchisees, who are not parties to a Multi-Unit Agreement and who express an interest in opening a new Restaurant after March 15, 2011. This Site Reservation Fee is non-refundable. See Item 11 below for a description of the location selection process.

To purchase a Penn Station franchise, you must pay to us an initial franchise fee of $25,000 on the date you open your Penn Station Restaurant for business. The initial franchise fee is non-refundable."

2. Item 7 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of the second line item in the table:

TYPE OF EXPENDITURE*	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE**	$25,000	Lump Sum	At the Opening of the Restaurant	Penn Station

(b) by removing Note 1 to the table with respect to the refundable nature of the initial franchise fee.

3. The ninth paragraph under Item 11 "Advertising Programs" of the disclosure document is hereby modified by substituting in its place the following:

"P.S. National Fund will maintain separate bookkeeping and bank accounts for the national fund. An annual audit of the expenditures from the national fund is not performed. P.S. National Fund will prepare an annual, unaudited accounting of the expenditures and receipts of the national fund which P.S. National Fund will make available to you at each annual meeting of franchisees. In addition, P.S. National Fund, at its option, may engage an independent certified public accountant (selected by it) to make an annual, non-certified audit of the expenditures and receipts of the national fund. If P.S. National Fund undertakes an audit, it will make it available to you on your request. The expense of the audit will be charged to the national fund. At the annual meeting of franchisees, we currently provide an unaudited summary of receipts and disbursements of the national fund to franchisees and will request P.S. National Fund to do the same. Other than as described above in this paragraph, neither we nor P.S. National Fund prepare or disseminate financial statements for the national fund."

4. Item 17 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of line item f. in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3	We can terminate only if you are in default as defined in the Franchise Agreement. Section 13.1.1 may not be enforceable under federal bankruptcy law.

(b) by substituting the following in place of line item v. in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Section 24.4	Litigation must be brought in Cincinnati, Ohio, except that you may enter into litigation in Maryland alleging a violation of the Maryland Franchise Registration and Disclosure Law within three years after the grant of a Penn Station franchise.

(c) by substituting the following in place of line item f. in the table regarding the Multi-Unit Agreement:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Sections 6, 8	We can terminate only if you are in default as defined in the Multi-Unit Agreement or if you transfer your Franchise Agreements. Termination of the franchise due to your bankruptcy may not be enforceable under federal bankruptcy law.

(d) by substituting the following in place of line item v. in the table regarding the Multi-Unit Agreement:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
v. Choice of forum	Section ~~15~~19	Litigation must be brought in Cincinnati, Ohio, except that you may enter into litigation in Maryland alleging a violation of the Maryland Franchise Registration and Disclosure Law within three years after the grant of a Penn Station franchise.

(e) by adding the following paragraph to the end thereof:

"With respect to item c. of the Franchise Agreement table set forth above, the release of claims shall not apply to any claims under the Maryland Franchise Registration and Disclosure Law.".

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

1. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "The proceeds from the initial franchise fee are not segregated but are placed in Penn Station's general fund for general corporate use, including, in part, the provision of the services promised by Penn Station to each franchise owner under the Franchise Agreement and, in part, to provide Penn Station a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Penn Station vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Penn Station has not determined the exact cost of providing these services."

2. Item 17 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of line item c. in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Section 2	Renewal fee paid; no default existing; compliance during entire term with your Franchise Agreement and other agreements with us; existing leases in effect; and sign the form franchise agreement then in effect. The term renewal means that the franchise relationship is extended for an additional term of years under our then current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.

(b) by substituting the following in place of line item v. in the table regarding the Franchise Agreement:

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	None	

(c) by substituting the following in place of line item v. in the table regarding the Multi-Unit Agreement:

PROVISION	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
v. Choice of forum	None	

(d) by substituting the following in place of line item v. in the table regarding the Territory Reservation Letter:

PROVISION	SECTION IN TERRITORY RESERVATION LETTER	SUMMARY
v. Choice of forum	None	

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "The proceeds from the initial franchise fee are not segregated but are placed in Penn Station's general fund for general corporate use, including, in part, the provision of the services promised by Penn Station to each franchise owner under the Franchise Agreement and, in part, to provide Penn Station a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Penn Station vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Penn Station has not determined the exact cost of providing these services."

2. Item 13 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

> "With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.12, subdivision 1(g), which requires that we will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising from any claim, suit or demand regarding the use of the name.".

3. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

> "With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.
>
> Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we may seek injunctive relief, but may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination whether or not a bond will be required of us in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.

The general release referenced in items c. in the chart set forth above shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.".

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. The Special Risks to Consider about This Franchise section of this disclosure document is hereby modified to comply with New York law by adding the following disclosures:

> "IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.
>
> YOU MAY, IF YOU CHOOSE, NEGOTIATE WITH US ABOUT ITEMS COVERED IN THIS DISCLOSURE DOCUMENT. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT."

2. Item 3 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "None of the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> (a) Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations. There are no other pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
>
> (b) Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
>
> (c) Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national

securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

3. Item 4 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "During the 10-year period immediately before the date of the disclosure document, none of the franchisor, its affiliate, its predecessor, or its officers or general partner of Penn Station, has (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership."

4. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "Proceeds from the initial franchise fee and, if applicable, the Territory Fee, are, in part, compensation to us for your use of the service marks and the Penn Station system and are, in part, used to defray our expenses and costs incurred in connection with registering and offering franchises, identifying and evaluating prospective franchisees, registering and protecting our service marks and commercial symbols, further development of the Penn Station system, providing architectural drawings and construction plans and other materials provided to franchisees, and furnishing services to franchisees."

5. Section "d" of the first chart in Item 17 of the disclosure document is hereby modified by adding the following language to the "Summary" thereof:

> "You, the franchisee, including a multi-unit franchisee, may terminate the agreement on any grounds available by law."

6. Section "w" of the first chart in Item 17 of the disclosure document is hereby modified by adding the following language to the end of the "Summary" thereof:

> "The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor, or upon franchisee, including a

multi-unit franchisee, by Article 33 of the General Business Law of the State of New York."

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

1. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

> "Proceeds from the initial franchise fee and, if applicable, the Territory Fee, are, in part, compensation to us for your use of the service marks and the Penn Station system and are, in part, used to defray our expenses and costs incurred in connection with registering and offering franchises, identifying and evaluating prospective franchisees, registering and protecting our service marks and commercial symbols, further development of the Penn Station system, providing architectural drawings and construction plans and other materials provided to franchisees, and furnishing services to franchisees."

2. Item 6, Note 10 is hereby modified by adding the following to the end of Note 10:

"Your obligations to pay our attorney's fees may be limited by North Dakota franchise law."

3. Item 17 of the disclosure document is hereby modified by substitution of the following for items "c." "v." and "w." of the first chart (Franchise Agreement) therein:

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2	Renewal fee paid; no default existing; compliance during entire term with your Franchise Agreement and other agreements with us; existing leases in effect; and sign the form franchise agreement then in effect. The term renewal means that the franchise relationship is extended for an additional term of years under our then current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
v. Choice of forum	Section 24.4	None.
w. Choice of law	Section 24.1	North Dakota law applies.

4. Item 17 of the disclosure document is hereby modified by substitution of the following for items "v." and "w." of the second chart (Multi-Unit Agreement) therein:

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section ~~16~~19	None.
w. Choice of law	Section ~~15~~18	North Dakota law applies.

5. Item "q." of the first chart (Franchise Agreement) of Item 17 of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for item "q.":

"The above listed non-competition covenants during the term of the franchise are subject to the provisions of North Dakota Century Code Section 9-08-06."

6. Item "r." of the first chart (Franchise Agreement) of Item 17 of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for item "r.":

"The above listed non-competition covenants after the franchise is terminated or expires are subject to the provisions of North Dakota Century Code Section 9-08-06."

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

The first chart of Item 17 (Franchise Agreement) of the disclosure document and the second chart of Item 17 (Multi-Unit Agreement) of the disclosure document are hereby modified by adding the following to the end of the "Summary" column for items "v." and "w.":

> "Provided, however, that Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.".

ADDENDUM TO PENN STATION, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof:

"The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Penn Station including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury may not be enforceable.

Transfer fees are collectable to the extent that they reflect Penn Station's reasonable estimated or actual costs in effecting a transfer."

EXHIBIT K TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

GENERAL RELEASE OF ALL CLAIMS

This General Release Of All Claims ("General Release") is made effective this _____ day of _____, 20___. As a requirement of, and in consideration for, the willingness on the part of Penn Station, Inc., an Ohio corporation ("Penn Station"), to renew the franchise established by the Unit Franchise Agreement, dated _____ ("Franchise Agreement") as requested by the undersigned ("Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee hereby unconditionally and forever RELEASES and DISCHARGES Penn Station, any person acting by, through, under or on behalf of Penn Station, and its past and present shareholders, officers, directors, employees, successors, assigns, agents, and affiliates from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions, and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Franchise Agreement, any prior or existing franchise agreement or any other agreement or document executed by Franchisee and Penn Station (or any affiliate of Penn Station), the franchise relationship, any franchise disclosure document or any other prior or existing business relationship between Franchisee and Penn Station (or any affiliate of Penn Station) which Franchisee has asserted, may have asserted or could have asserted against Penn Station (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, the franchise laws, the business opportunity laws, and all claims arising from any contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and all acts of negligence, whether active or passive.

This General Release shall survive the assignment, expiration or termination of the Franchise Agreement or any other agreement entered into by and between Penn Station (or any corporate affiliate of Penn Station) and Franchisee. This General Release is not intended as a waiver of those rights of Franchisee which cannot be waived under applicable state franchise laws. Franchisee acknowledges and agrees that certain of its obligations as provided in Article 14 of the of the Franchise Agreement, in addition to those other obligations of Franchisee which specifically or by their nature survive termination of the Franchise Agreement, shall continue after the transfer, expiration or termination of the Franchise Agreement.

FRANCHISEE:

_____

ATTEST:

_____

By:_____

Printed Name: _____

Title:_____

EXHIBIT L TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

TERRITORY RESERVATION LETTER

PENN STATION, INC.
1226 US HIGHWAY 50
MILFORD, OHIO 45150

Date:_____, 20__

You, ____[Name of prospective Franchisee]____ ("you"), have expressed an interest in purchasing a Penn Station, East Coast Subs® franchise (a "Penn Station Franchise") for a site to be located in the following described territory _____ _____ (the "Territory"). You have not yet secured ~~an approved~~a site or lease for a site which has been consented to by us. You have requested that we not grant a Penn Station Franchise to anyone but you or establish a company-owned Penn Station, East Coast Subs® restaurant (a "Company-Owned Unit") for a site, in either case, within the Territory for a period up to 90 days, as specified in this letter agreement, so that you may have the opportunity to secure ~~an approved~~a site, consented to by us, and sign a Penn Station~~,~~ East Coast Subs® Unit Franchise Agreement ("Franchise Agreement") for that ~~approved~~ site consented to by us. We, Penn Station, Inc. ("we" or "us"), have agreed to do so on the terms, and subject to the conditions, of this letter agreement.

1. Site. Subject to the terms of this letter agreement and so long as you are not in default of any agreement between you and us, we will not (a) sell a Penn Station Franchise for a site within the Territory to anyone but you *only* during the time period from the date of this letter agreement until the Deadline (as defined in Section 5) or (b) open a Company-Owned Unit for a site within the Territory *only* during the time period from the date of this letter agreement until the Deadline (as defined in Section 5). If we have not for any reason sold to you a Penn Station Franchise by the Deadline (as defined in Section 5), for a site within the Territory, then (i) this letter agreement will automatically terminate, (ii) we will keep[5]
the Site Reservation Fee, and (iii) we may (a) sell a Penn Station Franchise to anyone for any site within the Territory and (b) open a Company-Owned Unit for a site within the Territory. During the term of this letter agreement, we will provide site selection assistance to you as we determine is reasonably required from us in connection with your site selection efforts, which assistance may be provided through providing our site selection analysis form, request for site ~~approval~~authorization form, lease analysis form, lease checklist form, demographic information and touring the Territory with you.

2. Fee. In consideration of our agreement under Paragraph 1 of this letter agreement, you will deliver to us a reservation fee in immediately available funds equal to $5,000.00 ("Site Reservation Fee") when we sign this letter agreement. If we sign a Franchise Agreement with you for ~~an approved~~a site, consented to by us, within the Territory, we will apply the Site Reservation Fee against the initial

5. For franchises which are located in the State of Maryland, this word will be changed to "collect".

franchise fee you will owe us for the site under the Franchise Agreement.[6] The Site Reservation Fee is not refundable under any circumstances. It is fully earned when you sign this letter agreement. Accordingly, *do not* sign this letter agreement unless you are willing to take the risk that you may not be able (among other things) by the Deadline: (i) to locate and secure ~~an approved~~a site, consented to by us, within the Territory, (ii) to obtain an ~~approved~~acceptable lease for ~~an approved~~a site consented to by us, or (iii) to qualify for financing to open your Penn Station~~,~~ East Coast Subs® restaurant (the "Restaurant"). All of your expenses involved in securing ~~an approved~~a site, ~~an approved~~consented to by us, an authorized lease, and applying for financing are your sole responsibility under all circumstances, regardless of whether you are successful in obtaining a Penn Station Franchise. We are not under any obligation to ~~approve~~consent to a proposed site or lease under any circumstances. We reserve the right to ~~approve~~consent to or disapprove any proposed site or lease under all circumstances.

3. Acceptability of the Site. You understand that as of the date of this letter agreement, we have not ~~approved~~consented to (nor have we made any promises or commitments regarding): (i) a specific site within the Territory or (ii) a lease for a specific site. You further understand that no commitment will exist concerning the grant to you of a Penn Station Franchise or a specific site unless and until a Franchise Agreement is signed by you and us for a specific site within the Territory.

4. Confidentiality. You may not communicate or divulge to, or use for the benefit of, any other person, association, or entity any Confidential Information which may be communicated to you or of which you may be apprised during the process you undergo to find ~~an approved~~a site, consented to by us, for a Restaurant. You may not use any Confidential Information for any purpose other than for the purposes of locating and securing ~~an approved~~a site, consented to by us, and lease and entering into a Franchise Agreement. The Penn Station System (as defined in the Franchise Agreement), our site selection analysis, request for site ~~approval~~authorization, lease analysis and lease checklist forms and any and all other information, knowledge and know-how, including (for example) our recipes, store operational methods, customer lists and data bases (whether created by you), training methods, food preparation and presentation techniques, equipment lists, store layouts and store construction information, cost containment programs, marketing and developmental plans, strategies, sales and financial information, research, and any other information that we designate as confidential will be "Confidential Information" for all purposes of this letter agreement. Your agreement under this Paragraph 4 is in addition to, and does not merge with, any other agreements you have made with us regarding our Confidential Information. Your agreement under this Paragraph 4 will survive the termination of this letter agreement for any reason.

5. Your Obligations. You must accomplish the following by _____, 20__ (the "Deadline"):
   1. Locate a site that is acceptable to us ("~~Approved~~Authorized Site") and provide to us a completed site selection analysis, lease checklist and request for site ~~approval~~authorization;
   2. Obtain a commitment for financing for the ~~Approved~~Authorized Site that is acceptable to us for the ~~Approved~~Authorized Site; and

---

6. For franchises which are located in the State of Maryland, the first two sentences of this Section 2 will be deleted and replaced with the following: "In consideration of our agreement under Paragraph 1 of this letter agreement, you will deliver to us a reservation fee in immediately available funds equal to $5 ,000.00 ("Site Reservation Fee"). This Site Reservation Fee is due upon the first to occur of: (i) the termination of this letter agreement in accordance with Section 5 or (ii) the date you open your Penn Station Restaurant. If we sign a Franchise Agreement with you for ~~an approved~~a site, consented to by us, within the Territory, the Site Reservation Fee will be credited against the initial franchise fee you will owe us for the site under the Franchise Agreement."

3. Sign our then current Franchise Agreement for the ~~Approved~~Authorized Site and pay to us all fees and charges due us.

If you do not comply with any of the requirements in this Paragraph 5 by the Deadline (time being of the essence), then this letter agreement and all rights, offers and negotiations with you concerning the Territory, any site within the Territory, or any Penn Station Franchise or Franchise Agreement will automatically terminate without further action by, or notice from, us, and we will immediately have the right to (i) establish, or franchise or license another to establish, a Penn Station Restaurant to anyone within the Territory and (ii) retain[7] the Site Reservation Fee.

6. Acknowledgments. You acknowledge that neither we nor anyone on behalf of us has made any representations, warranties, inducements, promises or agreements, orally or otherwise, respecting the subject matter of this letter agreement which have been relied on by you and are not embodied in this letter agreement (except as may have been made in the disclosure document given to you), and that there are no other representations which induced you to sign this letter agreement. This letter agreement (a) will supersede any and all understandings, negotiations and agreements, either oral or in writing, between us and you, which occurred or existed before or on the date of this letter agreement with respect to the subject matter of this letter agreement and (b) contains all of the covenants, warranties and agreements between us and you with respect to the subject matter of this letter agreement. This letter agreement will merge into any Franchise Agreement between you and us for an ~~Approved~~Authorized Site upon the execution of that Franchise Agreement for that ~~Approved~~Authorized Site. Any amendment or modification of this letter agreement is invalid unless made in writing and signed by us and you.[8]

7. You may not assign or transfer any rights you may have with regard to the Territory, this letter agreement or any site within the Territory other than as provided in any Franchise Agreement we and you may sign. We will have the right to transfer or assign all or any part of our rights or delegate all or any part of our obligations under this letter agreement or under any other agreement between us and you to any Person (as defined in any Franchise Agreement); *however*, as a condition of any total assignment by us of our rights and total delegation of our obligations, the Person to whom we assign our interests will assume our obligations under this letter agreement arising on and after the effective date of the assignment. You will sign any forms we may reasonably request to effectuate any assignment by us.

8. We assume no liability or obligation to you by providing any waiver, approval, consent or suggestion to you in connection with this letter agreement, or by reason of any neglect, delay or denial of any request for any waiver, approval, consent or suggestion.

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7. For franchises which are located in the State of Maryland, this word will be changed to "collect".

8. For franchises which are located in the State of Maryland, the following will be added to the end of Section 6:

"The acknowledgments or representations you make in this letter agreement that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred thereunder."

9[9]. This letter agreement, which takes effect when it is signed by us in Ohio, will be interpreted and construed under the internal laws of Ohio (without regard to Ohio conflicts of laws principles).

10[10]. As a specifically bargained inducement for us to enter into this letter agreement, you and we each agree that any action, suit or proceeding in respect of or arising out of this letter agreement, its validity or performance, will be initiated and prosecuted as to both parties and their successors and assigns in any court situated at Cincinnati, Ohio. We and you each consent to and submit to the exercise of jurisdiction over its person by any court situated at Cincinnati, Ohio having jurisdiction over the subject matter and consents that all service of process be made by certified mail directed to you and us at our respective addresses set forth in this letter agreement or as otherwise provided under the laws of the State of Ohio. You waive any objection based on forum *non conveniens* and any objection to venue of any action instituted under this letter agreement. You consent to the granting of such legal or equitable relief as is deemed appropriate by the court.[11]

11. As a specifically bargained inducement for us to sign this letter agreement and to grant the rights granted by us under this letter agreement, you and we each waive trial by jury with respect to any action, claim, suit or proceeding in respect of or arising out of this letter agreement or any other agreement between you and us or the conduct of the relationship between us and you.

If the above terms of this letter agreement are acceptable, please sign below and return a copy of this letter agreement to us.

Sincerely,
PENN STATION, INC.

By:_____
Craig N. Dunaway, President

The terms of the foregoing letter agreement are accepted and agreed to by the undersigned as of _____, 20__.

By:_____
Name:_____
Address:

_____

9. For franchises which are located in the State of Indiana this will read: "This letter agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of the laws of the State of Ohio (without regard to Ohio conflicts of laws principles) except to the extent governed by Indiana laws which are of mandatory application." For franchises which are located in the State of Illinois this will read: "This letter agreement, which takes effect when it is signed by Penn Station in Ohio, will be interpreted and construed under the internal laws of t he laws of Illinois (without regard to Illinois conflicts of laws principles)."
10. For franchises which are located in the State of Illinois, Indiana and Michigan this Section 10 will be deleted.
11. For franchises which are located in the State of Maryland, the following sentence shall be added to the end of this Section 10: "Nothing in this Section 10 shall limit your right under Maryland law to enter into litigation with us alleging a violation of Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland."

EXHIBIT M TO
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
PENN STATION FRANCHISES

DIRECT DEBIT
AUTHORIZATION AGREEMENT

FRANCHISEE LEGAL NAME:	
PENN STATION STORE NUMBER:	
FIRST PAYMENT DUE DATE FOR MONTHLY PAYMENT AMOUNTS:	On or after the first business day of each calendar month to, and including, the 10th day of each calendar month, commencing with the first month, payment is initiated by Penn Station after this Authorization is signed by me (us).
MONTHLY PAYMENT AMOUNT:	1. Monthly royalty fees determined in accordance with my (our) Unit Franchise Agreement (Section 3.1.2); and 2. Monthly National Fund fees determined in accordance with my (our) Unit Franchise Agreement (Section 3.1.3)
AS INCURRED (OR PERIODIC) FEES AND AMOUNTS:	1. Late fees and default interest determined in accordance with my (our) Unit Franchise Agreement (Section 3.2 and Section 8.1.2); 2. Training fee determined in accordance with my (our) Unit Franchise Agreement (Section 5.1.1); 3. Training verification fee determined in accordance with my (our) Unit Franchise Agreement (Section 5.1.1); and 4. Transfer fees determined in accordance with my (our) Unit Franchise Agreement (Section 12).
DUE DATE FOR AS INCURRED (OR PERIODIC) FEES AND AMOUNTS:	On or after the first business day of each calendar month to, and including, the 10th day of each calendar month immediately following the date on which each such applicable amount is due and payable.

I (we) hereby agree that I (we) have previously authorized, and hereby re-authorize, Penn Station, Inc. and its successors and assigns (collectively, "Penn Station") to debit electronically my (our) account as listed below at the depository financial institution listed below for all amounts that are now or hereafter due and owing under any and all of my (our) agreements which I (we) have at any time executed in favor of Penn Station (collectively, "Payments to Penn Station"). For the "Monthly Payment Amounts" stated above, I (we) understand that payments will be electronically debited approximately the same days of each calendar month as the "First Payment Due Date For Monthly Payment Amounts" stated above (or the following business day if the date

is a banking holiday or non-business banking day); however, Penn Station may electronically debit those payments at any time on or after the first business day of each calendar month. For the "As Incurred (or Periodic) Fees and Amounts" stated above, I (we) understand that payments will be electronically debited on or after the first business day of each calendar month that is the first calendar month immediately following the date on which each such applicable amount is due and payable to Penn Station under my (our) Unit Franchise Agreement or the following business day if the date is a banking holiday or non-business banking day. For all other Payments to Penn Station, I (we) understand that Penn Station reserves its right to implement electronic debiting of my (our) account as listed below at the depository financial institution listed below under any and all of my (our) agreements which I (we) have at any time executed in favor of Penn Station. In the event of an error, I (we) also authorize the initiation electronically of a debit or credit to my (our) account as listed below to correct the error. I (we) agree that electronic transactions initiated by Penn Station comply with all applicable laws and all of my (our) agreements which I (we) have at any time executed in favor of Penn Station.

ACCOUNT (designate):	
CHECKING OR SAVINGS ~~ACOUNT~~ACCOUNT:	_____
NAME ON THE ACCOUNT:	_____
ACCOUNT NUMBER:	_____
DEPOSITORY NAME:	_____
DEPOSITORY ADDRESS:	_____
DEPOSITORY ABA/ ROUTING & TRANSIT NUMBER:	_____

Please attach a voided check (DEPOSIT SLIPS NOT ACCEPTABLE) to help us verify the depository name, account number, and ABA/routing and transit number.

This Authorization will remain in effect until Penn Station has received and acknowledged a written notification from me (or either of us) (sent to Penn Station at 1226 US Highway 50, Milford, Ohio 45150, (513) 474-5957) that all amounts to be collected by Penn Station under my (our) agreements with Penn Station have been paid in full and those agreements have been terminated.

The laws of the State that govern my (our) Unit Franchise Agreement will govern this Authorization.

[*Signature Page Follows*]

SIGNATURE PAGE TO DIRECT DEBIT AUTHORIZATION AGREEMENT

FRANCHISEE:

Date:_____

[if individual]

_____
(Print name(s))

_____
(sign here)

[if entity]

_____
(Print entity name)

By:_____
Name Printed:_____
Title:_____

Address of Franchisee:

_____
_____
_____

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Copy 1

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 Penn Station offers you a franchise, Penn Station 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 any affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Penn Station 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 appropriate state agency listed on Exhibit I.

Penn Station, Inc. and ~~Greg Goddard, Director~~Ammy Harrison, Vice President of Development and ~~Franchising~~Strategy, as well as the other individuals listed on the attached page, each having a principal business office at 1226 US Highway 50, Milford, Ohio 45150, and a telephone number of (513) 474-5957, are the franchise sellers.

The issuance date of this disclosure document is ~~May 15, 2020.~~March 26, 2021.

Penn Station authorizes the agents listed on Exhibit I to receive service of process for Penn Station.

I received a disclosure document dated ~~May 15, 2020 with the State Effective Dates listed on Exhibit I~~March 26, 2021 that included the following exhibits:

A. Unit Franchise Agreement
B. Multi-Unit Guidelines
C. General Manager Guidelines
D. List of Penn Station Franchisees
E. Financial Statements
F. Free-Standing Store Lease
G. Lease Addendum
H. Multi-Unit Agreement
I. State Administrator and Agents for Service List
J. State Addenda to disclosure document
K. General Release of All Claims
L. Territory Reservation Letter
M. Direct Debit Authorization Agreement

_____ _____

Date Prospective Franchisee

_____

Printed Name

Please sign and date this Receipt as of the date that you received the disclosure document. Please return the signed, dated Receipt to Penn Station, Inc., 1226 US Highway 50, Milford, Ohio 45150.

Attachment to Receipt Page – Copy 1

(Additional Franchise Sellers)

Jeff Osterfeld, C.E.O.
Craig Dunaway, President
R. Lance Vaught, Senior Vice President of Operations
Kirk Durchholz, Vice President of Construction
Cindy Stenger, Director of Administration
Chris Lucas, Operations and Training Coordinator

The additional spaces below are for the purposes of listing any additional franchise sellers not listed above or on the Receipt Page:

_____
_____

Copy 2

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 Penn Station offers you a franchise, Penn Station 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 any affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Penn Station 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 appropriate state agency listed on Exhibit I.

Penn Station, Inc. and ~~Greg Goddard, Director~~Ammy Harrison, Vice President of Development and ~~Franchising~~Strategy, as well as the other individuals listed on the attached page, each having a principal business office at 1226 US Highway 50, Milford, Ohio 45150, and a telephone number of (513) 474-5957, are the franchise sellers.

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G. Lease Addendum
H. Multi-Unit Agreement
I. State Administrator and Agents for Service List
J. State Addenda to disclosure document
K. General Release of All Claims
L. Territory Reservation Letter
M. Direct Debit Authorization Agreement

_____ _____

Date Prospective Franchisee

_____

Printed Name

Please sign and date this Receipt as of the date that you received the disclosure document. Please return the signed, dated Receipt to Penn Station, Inc., 1226 US Highway 50, Milford, Ohio 45150.

Attachment to Receipt Page – Copy 2

(Additional Franchise Sellers)

Jeff Osterfeld, C.E.O.
Craig Dunaway, President
R. Lance Vaught, Senior Vice President of Operations
Kirk Durchholz, Vice President of Construction
Cindy Stenger, Director of Administration
Chris Lucas, Operations and Training Coordinator

The additional spaces below are for the purposes of listing any additional franchise sellers not listed above or on the Receipt Page:

_____
_____

Document comparison by Workshare Compare on Wednesday, April 21, 2021 5:40:10 PM

Input:	
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Document 2 ID	interwovenSite://VORYSDMS.VSSP.LOCAL/Active/38168290/10
Description	#38168290v10<Active> - 2021 Complete FDD - Single Unit
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
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Deletions	3858
Moved from	40
Moved to	40
Style change	0
Format changed	0
Total changes	8050