FRANCHISE DISCLOSURE DOCUMENT

Pizza Cat Franchising, LLC
a Michigan limited liability company
1938 Franklin Street., Suite 206
Detroit, MI 48207
www.pizzacat.com
twitter.com/pzzacat
facebook.com/keeppizzaweird
instagram.com/pzzacatluv
tiktok.com/@pzzacat

The franchise is for the establishment and operation of a restaurant offering a wide variety of menu items (including custom and hot pre-made pizzas, chicken wings, chicken chunks, sandwiches and assorted dessert items) and beverages under the Pizza Cat trade name and business system ("Pizza Cat Restaurant" or "Restaurant").

The total investment necessary to begin operation of a single Pizza Cat Restaurant ranges from $151,000 to $271,500. This amount includes $25,000 that must be paid to us or our affiliates

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, Matt Wojtowicz at 1938 Franklin Street., Suite 206, Detroit, MI 48207 and (313) 457-9050.

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

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

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

Date of Issuance: May 5, 2021

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 Exhibits C and 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 A 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 Pizza Cat Restaurant 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 Pizza Cat Restaurant franchisee?	Item 20 or Exhibits C and 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 Attachment A.

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

2. **<u>Financial Condition</u>**. The franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR 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 franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) a provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 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 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 the manner provided in subdivision (c).

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

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

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913; 517-373-7117.

PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

ATTACHMENTS

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

The Franchisor

The Franchisor is Pizza Cat Franchising, LLC, referred to in this disclosure document as "we," "us," or "our." We refer to the person interested in buying a franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were organized in Michigan as a limited liability company on February 12, 2021. We maintain our principal place of business at 1938 Franklin Street., Suite 206, Detroit, MI 48207

We do business under the name "Pizza Cat." Our agents for service of process in the states that require franchise registration are listed in Attachment B.

We sell franchises for the establishment and operation of a restaurant offering a wide variety of menu items (including custom and hot pre-made pizzas, chicken wings, chicken chunks, sandwiches and assorted dessert items) and beverages ("Pizza Cat Restaurant" or "Restaurant"). Pizza Cat Restaurants do business under the mark "PIZZA CAT". We began to offer franchises on February 5, 2021. We are not engaged in any other businesses and have never offered franchises in any other lines of business.

We do not operate any Pizza Cat Restaurants, but our affiliate, Pizza Traders International, Ltd. ("Pizza Traders") operates 1 Pizza Cat Restaurant in Toledo, Ohio. Pizza Traders began operating the Pizza Cat Restaurant in Toledo in May 2017 and subsequently opened a second non-traditional Pizza Cat location in a bar in Rossford, Ohio (the "Non-Traditional Outlet") in April 2019. However, the operations of the Non-Traditional Outlet were merged with those of the first Pizza Cat restaurant in December 2019 and the Non-Traditional Location is no longer operational. Pizza Trader shares our principal business address. Pizza Traders has never offered franchises in any line of business and is not engaged in any other business activity.

Except as described above, we have no parents, predecessors or affiliates.

The Franchise

We offer franchises for Pizza Cat Restaurants to qualified applicants. The Franchise Agreement (Exhibit B to this disclosure document) gives you the right to establish and operate one Restaurant at a location selected by you and approved by us within a non-exclusive "Designated Area" described in the Franchise Agreement.

Pizza Cat Restaurants operate under the Pizza Cat Marks in compliance with the Pizza Cat business design, format, and system ("System"). The Marks include the "PIZZA CAT" trade name, and the other trade names, service marks, trademarks, logos, emblems, and other indicia of origin that we designate in writing for use in Restaurants operating under the System (collectively, "Marks").

The System includes our methods and procedures for the establishment, management, and operation of Pizza Cat Restaurants, including our confidential information, our manuals, the Marks, and other business standards and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, and color scheme; furnishings; special recipes and menu items; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop, or otherwise modify.

The Franchise Agreement requires you to designate an "Operating Principal." Your Operating Principal is the main individual responsible for your business. Your Operating Principal is not required to have ownership in the franchisee entity, but he or she must meet our qualifications and must be approved by us.

We require your current and future Owners, including your Operating Principal if he or she is also an Owner, to sign an Owners' Guaranty and Assumption Agreement ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer, and dispute resolution procedures. Your Operating Principal (if he or she is not also an Owner), your District Manager, and, at our request, any Restaurant Managers or other of your personnel, will each sign our then-current form of confidentiality, noncompetition, and nonsolicitation agreement.

Competition

The market for restaurant services is well-established and highly competitive. There is active price competition among restaurants, as well as competition for management personnel and for attractive commercial real estate sites suitable for restaurants. You must expect to compete with other restaurants offering a wide variety of menu items and alcoholic and non-alcoholic beverages and other competing concepts. Competitors may be locally-owned or large, regional or national chains. The restaurant business is also affected by changes in consumer taste, demographics, traffic patterns, and economic conditions.

Industry Specific Regulation

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the levels of sodium and trans fats contained in a food item. Additionally, the U.S. Food and Drug Administration has issued regulations that require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to provide additional written nutrition information to consumers upon request.

We may require you to obtain a liquor license during the term of the Franchise Agreement. State and local laws, regulations, and ordinances vary significantly in the procedures, difficulty, and cost associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption. You will need to understand and comply with those laws in operating the Restaurant.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

President: Matt Wojtowicz

Matt Wojtowicz has been our President since our formation in February 2021. Matt has also served as the President of Pizza Trader, in Toledo, Ohio, since its formation in December 2016 (and he began working on the Pizza Cat concept in August 2016 after leaving The Original Geno's Pizza). From May 2015 to August 2016, Matt was a Vice President at The Original Geno's Pizza in Toledo, Ohio.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Unless otherwise indicated below, all fees and costs are non-refundable and are imposed uniformly on all franchisees.

Initial Franchise Fee

You must pay us a non-refundable initial franchise fee of $25,000 when you sign the Franchise Agreement.

ITEM 6
OTHER FEES

Type of Fees(1)	Amount	Due Date	Remarks
Royalty Fee(3)	5% of Gross Sales(2)	On or before each Tuesday for the preceding Reporting Period(4)	We require you to pay the royalty fee by electronic funds transfer.
Advertising Assessment (including Brand Building Fund contribution and local advertising requirement)(5)	Up to 4% of Gross Sales(2); currently, 2% of Gross Sales for Brand Building Fund contribution and 1% of Gross Sales for local advertising expenditures	Brand Building Fund contribution on or before each Tuesday for the preceding Reporting Period; payments for local advertising, when billed	We may require you to allocate differing amounts to local advertising (individually or through a cooperative) or to the Brand Building Fund. We require you to pay the Brand Building Fund portion of the Advertising Assessment by electronic funds transfer.
Software Program Fee(6)	Cost; currently, $0 to $250 per month	When billed	We may require you to pay us, an affiliate, or a third-party provider to provide POS-related software and support.
Internet Listing	Cost	When billed	You must place and pay the cost of Internet listings as we require.

Type of Fees[(1)]	Amount	Due Date	Remarks
Technology Fee	Currently, $450 per month Maximum, $750 per month (the maximum monthly fee is further increased by 10% per year thereafter)	When billed	You must pay the Technology Fee by electronic funds transfer. The Technology Fee defrays the costs of certain technology-related expenses. We may increase the Technology Fee on 60 days' prior written notice but not in excess of $750 per month and may be further increased by 10% per month thereafter.
Operations Software Fee	Cost	When billed	We may require you to pay us, an affiliate, or a third-party provider for services and programs designed to provide you operations tools such as inventory management and training.
Inspection and Testing	Cost of inspection, if applicable, and cost of test	When billed	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Audit Fee	Cost and expenses of audit, plus interest	When billed	Payable if an examination or audit shows you have understated any amount owed to us by 2% or more. The costs and expenses of the audit include, without limitation, reasonable accounting and attorneys' fees and costs.
Merchandise for Resale; Equipment; Decor Items	Cost	On demand	We may provide to you at our cost (including shipping), certain collateral merchandise for resale that identifies the System (for example, caps and t-shirts); equipment; decor items; and other products and services.
Interest	18% per year or the maximum lawful rate	On demand	We may charge interest on all overdue amounts.

Type of Fees[1]	Amount	Due Date	Remarks
Late Fee	$200 for each delinquent report or payment	On demand	We may charge a late fee for any delinquent amounts due under the Franchise Agreement.
Additional Training	At our option, then-current per diem rate; currently $250 per person; plus our costs of travel, lodging, and meals	When billed	You must also pay the wages and expenses of your personnel attending training.
On-site Remedial Training	Then-current per diem rate per person; currently $250 per person; plus our costs of travel, lodging, and meals	When billed	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Restaurant.
Replacement Training	Reimbursement for our costs of travel, lodging and meals	On demand	You must also pay the wages and expenses of your personnel attending training in Toledo.
Transfer Fee[7]	$7,500, plus our costs and expenses related to the transfer that exceed this amount (if any)	Upon application for consent to transfer	If an individual or partnership transfers rights to a corporation controlled by the same interest holders, the transfer fee is limited to reimbursement of our out-of-pocket costs.
Renewal Fee	An amount equal to the then-current initial franchise fee	30 days before the end of the expiring term.	The current initial franchisee fee is $25,000
Securities Offering Fee	Our reasonable costs and expenses associated with the proposed offering	When billed	We limit our review to the manner in which the offering materials treat our relationship with you.
Indemnification	Varies according to loss	On demand	You must indemnify us when certain of your actions result in loss to us.
Insurance Fee	A reasonable amount based on our expenses	On demand	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee, plus our expenses.

Type of Fees[1]	Amount	Due Date	Remarks
Marketing Material	Reasonable fee	When billed	We may require you to purchase certain marketing material from us for a reasonable fee, which will vary depending on the type and quantity of material.
Mystery Shopper[8]	Amount of receipt; currently $80-$120 per visit	When billed	You will be required to pay for two mystery shops per month. We reserve the right to conduct additional mystery shops if you fail an evaluation or if we receive a specific customer complaint about your Restaurant.
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services, and/or future policy changes, but we have no present plans to increase any fees.

(2) Gross Sales is the total selling price of all services and products and all income of every other kind and nature related to your Pizza Cat Restaurant (including income related to catering operations and special events), whether for cash or credit and regardless of collection in the case of credit. The following are included within the definition of "Gross Sales" except as otherwise noted: (a) the full value of meals furnished to your employees as an incident to their employment, except that you may credit the value of any discounts you extend to your employees against Gross Sales during the week in which the meals were furnished to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; and (b) all proceeds from the sale of coupons, gift certificates or vouchers; provided, that when the coupons, gift certificates or vouchers are redeemed, you may credit their retail price against Gross Sales to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; . If you do not record and report sales proceeds for royalty purposes when the coupon, gift certificate or voucher is sold, or if such coupons, gift certificates or vouchers are distributed free of charge, you will not be entitled to a credit against Gross Sales upon redemption of the coupon, gift certificate, or voucher. "Gross Sales" does not include (i) sales taxes you collect from customers of the Restaurant, if the taxes are actually transmitted to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Restaurant or having any material effect upon the ongoing operation of the Restaurant.

(3) The Royalty Fee for the initial term of the Franchise Agreement will be an amount equal to 5% of Gross Sales. The amount of the Royalty Fee for any renewal term will be the royalty fee required in the then-current franchise agreement.

(4) Reporting Period means the period from Monday to Sunday (unless we designate otherwise).

(5) We reserve the right to increase the Advertising Assessment upon written notice to you, but the Advertising Assessment will not exceed 4% of Gross Sales for the initial term of your Franchise Agreement.

(6) The cost for the POS software and support is determined by the provider. Currently, this fee is paid directly to the hardware POS provider and no fee is charged if you select the cash discount credit card processing option (under which customers of your Pizza Cat Restaurants will be charged a 3.99% credit card processing fee for each transaction).

(7) The transfer fee must be submitted when the transfer request is submitted and is nonrefundable even if the proposed transfer does not occur for any reason (including if we disapprove the transfer), in which case the transfer fee you paid us for the failed transfer will not be applied to any future attempted transfer. If our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee, you must pay for those additional costs and expenses, including our attorneys' fees.

(8) We have the right to evaluate the operation of your Restaurant at any time, including sending mystery shoppers to your Restaurant. In addition to the two required visits per month, if, at any time, you fail an evaluation by us or by a mystery shopper, or if we receive a specific customer complaint about your Restaurant, you will be required to pay for additional mystery shopper visits as we require.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Actual or Estimated Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$25,000	Lump Sum	On execution of Franchise Agreement	Us
Leasehold Improvements(1)	$25,000 to $75,000	As Arranged	As Arranged	Contractor
Equipment, Furniture, Fixtures, and Signage(2)	$40,000 to $75,000	As Arranged	As Invoiced	Suppliers
Computer Systems(3)	$8,500 to $11,000	As Arranged	As Invoiced	Suppliers
Business Licenses and Permits(4)	$3,000 to $4,000	As Arranged	As Invoiced	Government Agencies, Lawyers, Other Third Parties
Initial Training Costs(5)	$4,000 to $6,000	As Arranged	As Invoiced	Employees and Suppliers

Type of Expenditure	Actual or Estimated Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Inventory and Supplies(6)	$8,000 to $10,000	As Arranged	As Invoiced	Suppliers
Professional Services(7)	$8,000 to $18,000	As Arranged	As Arranged	Accountants, Lawyers, Architect, etc.
Grand Opening Promotion(8)	$10,000	As Arranged	As Arranged	Suppliers
Insurance(9)	$4,500 to $7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds – 3 month period(10)	$15,000 to $30,000			
TOTAL(11)	$151,000 to $271,500			

Notes:

(1) There is 1 Pizza Cat Restaurant in operation that is currently owned by Pizza Traders. This estimate is based on Pizza Traders' experience in establishing a Pizza Cat Restaurant in Ohio. Pizza Cat Restaurants are typically located in commercially zoned shopping or entertainment areas. The cost of leasehold improvements will be affected by various factors like the location of your Pizza Cat Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. They do not include any allowance for landlord contributions to leasehold improvements. If your landlord contributes to the cost of finish-out, total leasehold improvement costs will be reduced. These estimates may vary substantially based on your ability to negotiate with your landlord or general contractor, as well as on local commercial leasing and labor rates, the availability and prices of materials, and other local conditions.

(2) These amounts include the cost of furniture, fixtures, equipment, decor items, signage, POS system and multiple terminals and computer hardware and software for your Pizza Cat Restaurant.

(3) These amounts include the cost of the computer hardware and software for your Pizza Cat Restaurant.

(4) This amount represents the estimated cost of health and various operating licenses required at the local, regional, or state level.

(5) We provide initial training for up to 4 individuals (which may include your initial Operating Principal, District Manager (if applicable) and Restaurant Managers) at no additional charge. We reserve the right to charge our then-current fee for training any individuals in excess of four that must attend initial training. The initial training takes place in Toledo, Ohio and may last up to 1 week. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals, and wages. These costs will vary depending upon your selection of salary levels, lodging, dining facilities, and mode and distance of transportation. Due to the wide variances in wages, the range of estimated costs does not include wages or salaries.

(6) We estimate that this range will cover the cost of food, beverages, condiments, supplies, and other miscellaneous items for approximately the first 7 to 10 days of operations.

(7) This estimate includes the costs to establish your franchisee entity and to have the franchise documentation reviewed. This fee also includes the cost of hiring a company that specializes in helping restaurant operators submit and obtain licenses and permits. The cost of professional services can vary widely depending upon the experience of the service provider. The range that we have provided is our best estimate of these costs based upon Pizza Traders' experience in obtaining these professional services.

(8) You must carry out a grand opening promotion for the Restaurant within 4 to 6 weeks after you open the Restaurant. Your grand opening promotion must be in compliance with our written specifications. We must approve all advertising items, methods, and media.

(9) This amount represents an estimate of the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies. Your cost of insurance may vary depending on the insurer, the location of your Restaurant, your claims history, and other factors.

(10) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses, such as monthly rent and security deposits. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of Pizza Traders to compile these estimates. You should review these figures carefully with your business advisor.

(11) The figures above are estimates only and are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. At the present time, we have no plans to increase payments we control. If you open a Restaurant that has more square footage than our prototype plans, you should expect these costs to increase. These figures do not include shipping, installation, or any applicable federal or state sales tax. Your initial investment will also vary considerably depending on the method and amount of financing that you use. You should review these figures carefully with a business advisor before making a final decision.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

Except as stated below, you generally have no obligation to purchase or lease from us, our affiliates, or other designated third-party suppliers any of the products, services, supplies, fixtures, equipment (including computer hardware and software and electronic cash register systems), inventory, or real estate used in establishing or operating the Restaurant.

Uniforms

You must purchase employee uniforms from us or an approved supplier.

Point of Sale System

You must purchase the point of sale system software and related hardware and other computer system components from a source we designate. See Item 11 for more information about computer and point of sale hardware and software requirements.

System Merchandise

We have the right to make available to you for resale in the Restaurant merchandise identifying the System. This may include Pizza Cat Restaurant memorabilia, like T-shirts, cups, and mugs. If we make this type of merchandise available, we may require you to purchase it from a supplier we designate in amounts necessary to meet your customer demand.

Food Products

You must purchase certain food supplies from a supplier we designate.

Furniture, Fixtures, and Decor Package

You must purchase certain furniture, fixtures, and decor items from a supplier we designate.

Approved Suppliers

If we have approved suppliers (including manufacturers, distributors, and other sources) for any food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, computer systems, and other products used or offered for sale at the Restaurant, you must obtain these items from those suppliers. These specifications may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands. Approved or designated suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who have adequate quality controls, and whom we have approved in writing and whom we have not later disapproved. We may change the number of approved suppliers at any time or approve or disapprove any suppliers at any time. We may designate ourselves or our affiliates as approved or designated suppliers of any item.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria. We will notify you within 60 days of your request as to whether you may purchase products from the proposed supplier. We may re-inspect the facilities and products of any approved supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier, and we are not required to notify you of our approval or disapproval within any specified period of time. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

None of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the Pizza Cat Restaurant franchise system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, computer systems, and other products used or offered for sale at the Restaurant. Additionally, the following must comply with our specifications:

Site Selection and Construction

You must locate a site with the Designated Area for the Restaurant that satisfies our site selection requirements. No lease will be approved by us unless an addendum to the lease, containing covenants, in substantially the form of those in Exhibit F to the Franchise Agreement is attached to and incorporated in the lease. You must adapt our prototypical architectural and design plans as needed for the construction or remodeling of your Restaurant and provide them to us within 45 days after you acquire the site for the Restaurant. We have the right to review your plans and must notify you of our objections within 30 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 30-day time period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 30 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 30-day period, you may use the revised plans.

Advertising and Promotional Materials

Any advertising, promotion, and marketing you conduct must be completely clear and factual and not misleading and must conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 15 days after our receipt of such materials, we will be deemed to have given the required approval, but we may withdraw our approval at any time. You may not use any advertising or promotional materials that we have disapproved.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Pizza Cat Restaurant. These policies must be written by a responsible insurance carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us. At a minimum, you must carry (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, dram shop liability, completed operations, products liability and fire damage coverage in the amount of $2,000,000, combined single limit per occurrence, $2,000,000 general aggregate, or any greater amounts as your lessor may require; (ii) "All Risks" coverage for the full cost of replacement of the Restaurant premises and all other property in which we may have an interest with no coinsurance clause for the premises; (iii) automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $2,000,000 combined single limit; (iv) alcoholic beverage/liquor liability insurance, with coverage in amounts not less than $2,000,000 combined single limit; (v) an "umbrella" policy providing excess coverage with limits of not less than $5,000,000 which must be excess to the alcoholic beverage liability, general liability, employment practices liability, and automobile coverages; (vi) business interruption insurance covering at least 24 months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence; (vii) worker's compensation insurance in amounts required by applicable law and employment practices liability insurance covering all of your employees; and (viii) any other insurance required by the state or locality in which your Restaurant is situated. Additional insurance coverages and higher policy limits may specified by us from time to time in writing.

Purchasing Arrangements

Neither we nor our affiliates had any revenues from the sale of products or services to franchisees in the last fiscal year, nor did we or our affiliates receive payments from any designated sources because of transactions with franchisees.

We may (i) change the number of approved suppliers at any time and may designate ourselves, an affiliate, or a third party as the exclusive source for any particular item; and (ii) profit from your purchases from designated or approved suppliers, and we and/or our affiliates may receive payments, fees, commissions, or reimbursements from such suppliers in respect of your purchases (including, without limitation, for products and services we or our affiliates provide to you and by suppliers that we designate or approve for some or all of our franchisees). At our sole discretion, we may refund such amounts to you, contribute such amounts to the Brand Building Fund, or retain such amounts for our own use in our sole discretion, notwithstanding any designation by the supplier or otherwise. Contributions of any such rebates or credits to the Brand Building Fund will not reduce your obligation to make the contributions to the Brand Building Fund provided for in the Franchise Agreement.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as logoed paper products, cups, and certain food products, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. If we negotiate a purchase agreement, you must participate in the purchasing program. We or our affiliates may receive rebates from approved or designated sources, but we do not currently receive rebates based on purchases by franchisees. We will not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your total initial required purchases will range between 75% and 90% of the cost of your initial purchases or leases (not including the initial franchise fee). We estimate your required purchases for the operation of the Restaurant will range between 65% and 80% of your annual purchases or leases. The majority of these required purchases will be from third parties under our specifications.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3 and Exhibit C of Franchise Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3, 8, 9, and 13 of Franchise Agreement	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	Section 3, 7, and 8 of Franchise Agreement	Items 1, 7, 8, and 11
d. Initial and ongoing training	Sections 6.D. and 8.A. of Franchise Agreement	Items 6, 7, and 11

Obligation	Section in Agreement	Disclosure Document Item
e. Opening	Sections 3., 9.H. and Exhibit C of Franchise Agreement	Items 7 and 11
f. Fees	Sections 5 and 9 of Franchise Agreement	Items 5, 6, 7, and 11
g. Compliance with standards and policies/operating manual	Sections 3, 4, 7,8, 9, 10, 11, 12, and 13 of Franchise Agreement	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Sections 10, 11 and Exhibit B of Franchise Agreement	Items 11, 13, and 14
i. Restrictions on products/services offered	Section 8 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 8.H. of Franchise Agreement	Item 16
k. Territorial development and sales quotas	N/A	N/A
l. Ongoing product/service purchases	Sections 8. and 9. of Franchise Agreement	Items 6, 8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Sections 4 and 8 of Franchise Agreement	Item 8
n. Insurance	Section 13 of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Items 6, 8, and 11
p. Indemnification	Section 16. of Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	Sections 7 and 8 of Franchise Agreement	Items 1, 11, and 15
r. Records and reports	Sections 3, 5, 9, and 13 of Franchise Agreement	Item 11
s. Inspections and audits	Sections 3, 6, 8, and 12 of Franchise Agreement	Items 6, 8, and 11
t. Transfer	Section 15 of Franchise Agreement	Items 6, 12, and 17
u. Renewal or extension of rights	Section 4 of Franchise Agreement	Items 6, 12, and 17
v. Post-termination obligations	Section 19 of Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
w. Noncompetition covenants	Section 11 and Exhibit B to Franchise Agreement	Item 17
x. Dispute resolution	Sections 20.F. and 20.G. of Franchise Agreement	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations.

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 Pizza Cat Restaurant, we or our designee will:

1. Provide you our written site selection guidelines to assist you in selecting a site that meets our criteria. (Franchise Agreement, Sections 3.B., 6.A. and 6.B.)

2. Provide you with a site selection evaluation as we may deem necessary or in response to your reasonable request for site selection assistance (Franchise Agreement, Section 6.B.).

3. Provide you a set of prototype architect plans. (Franchise Agreement, Section 3.E.)

4. Provide access to one set of our Manuals in electronic or paper format. (Franchise Agreement, Section 6.C.)

5. Provide you a list of any approved suppliers, but you are responsible for purchasing and arranging for the receipt of all equipment, signage, fixtures, opening inventory, supplies, and other items necessary to operate the Restaurant. (Franchise Agreement, Section 6.G.)

6. Conduct an initial training program. (Franchise Agreement, Sections 6.D. and 8.A.)

7. Provide you on-site opening assistance as we reasonably deem necessary. (Franchise Agreement, Section 6.E..)

Continuing Obligations: During the operation of your Pizza Cat Restaurant, we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section 6.G.)

2. Establish and administer an brand building fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections 6.H. and 9.)

3. Give you any advice and written materials we may develop on the techniques of managing and operating Pizza Cat Restaurants. (Franchise Agreement, Section 6.I.)

4. At our sole discretion, make available to you at a reasonable cost any merchandise we develop or approve for resale. (Franchise Agreement, Section 6.J.)

5. Give you updated lists of approved suppliers as we deem appropriate, but you are responsible for purchasing and arranging for the receipt of all equipment, signage, fixtures, opening inventory, supplies and other items necessary to operate the Restaurant. (Franchise Agreement, Section 6.K.)

6. Provide additional training programs and seminars at our option. (Franchise Agreement, Sections 6.D. and 8.A.)

7. Provide to you, on loan, proprietary software programs (if any) as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section 6.F.)

Advertising

During each calendar year during the term of the Franchise Agreement, you may be required to spend up to 4% of your Restaurant's Gross Sales on advertising ("Advertising Assessment"). Currently, you must spend 1% of your Restaurant's Gross Sales on local advertising and contribute 2% of Gross Sales to the brand building fund ("Brand Building Fund"). Upon written notice to you, we may vary or increase the portion of the Advertising Assessment that you are required to spend for local advertising, Cooperative advertising, or as a Brand Building Fund contribution; provided that in no event will your total required expenditures for advertising exceed the maximum Advertising Assessment set forth above.

Grand Opening

Within the first six to eight weeks that your Restaurant is open, you must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for Pizza Cat Restaurants. You must spend at least $10,000 on the grand opening promotion. (Franchise Agreement, Section 9.E. and 9.H.)

Local Advertising

Currently, you must spend 1% of your Restaurant's Gross Sales on local advertising. You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may increase or reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Brand Building Fund; provided that in no event will your total required expenditures for advertising exceed the maximum Advertising Assessment noted above. You may advertise permitted catering activities only in the Protected Area. (Franchise Agreement, Section 9.)

You must pay the cost of Internet listings on such Websites and in such online directories and categories that we may require. We will not credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section 9.I.)

All advertising and promotions you place in any medium must be conducted professionally and must conform to our standards and requirements, as described in Item 8.

We can designate any geographic area in which two or more company-owned or franchised Pizza Cat Restaurants are located as a region for an advertising cooperative ("Cooperative"). If we do, the Cooperative will be organized, maintained, and administered as we determine, under the Cooperative's governing documents. Any Cooperatives we authorize will be for the exclusive purposes of serving as a conduit for collection and expenditure of the Cooperative contributions, general administration of advertising programs, and developing local advertising and promotional materials for its members. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contribution will be applied toward satisfaction of your local advertising requirement. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. (Franchise Agreement, Section 9.C.)

Brand Building Fund

In addition to local advertising (individually or through a Cooperative), we have established an a Brand Building Fund. Currently, you must make weekly contributions to the Brand Building Fund in an amount equal to 2% of your Restaurant's Gross Sales. Upon written notice to you, we may vary or increase the portion of the Advertising Assessment that you are required to spend as a Brand Building Fund contribution; provided that in no event will your total required expenditures for advertising exceed the maximum Advertising Assessment referenced above.

We or someone we designate will administer the Brand Building Fund. We will direct all programs financed by the Brand Building Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Brand Building Fund to satisfy the costs of producing video, audio, and written advertising materials; administering national, regional, and multi-regional advertising programs; developing and maintaining an Internet Website; and supporting public relations, market research, and other advertising, promotion, and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Brand Building Fund contribution or to ensure that any particular franchisee benefits directly or in proportion to its contribution to the Brand Building Fund. At this time we do not currently use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of franchises, however we reserve the right to use the Brand Building Fund contributions for that purpose in the future.

Currently, we anticipate that Brand Building Fund advertising will be conducted primarily through electronic or print media on a regional basis, and that the majority of our advertising will initially be developed in-house. We presently do not have an advertising council. We may use the Brand Building Fund to directly place advertising in your local or regional market; however, we also intend to use the Brand Building Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Brand Building Fund in your local or regional market will be credited towards your local advertising obligations.

The Brand Building Fund may be used for any activities that are designed to promote, enhance or support the Pizza Cat brand, including: (i) developing, maintaining, administering, directing and preparing advertising, marketing, promotional and training materials; (ii) developing, maintaining, enhancing and updating the Pizza Cat website and social media (both of which may contain information relating to franchise opportunities for Pizza Cat Restaurants); (iii) conducting brand-related research (including surveys of customers, consumers, and franchisees) and implementing programs based on the results of such research; (iv) developing, promoting and marketing branded apparel and other merchandise; (v) preparing and conducting advertising, promotional and marketing campaigns (including through social media, television, radio, magazine, newspaper, direct mail, billboards, and other channels); (vi) conducting public relations activities; and (vii) employing advertising agencies and other third parties to assist therein. We will not use your Brand Building Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses, and overhead that we may incur in administering the Brand Building Fund and its programs. Although not contractually required to do so, we anticipate that each Pizza Cat Restaurant owned by us or an affiliate of ours will contribute to the Brand Building Fund on the same basis as our franchisees. We will prepare an annual statement of the Brand Building Fund's operations and will make it available to you if you request it. We are not required to have the Brand Building Fund statements audited.

No Brand Building Fund monies were collected or spent during our last fiscal year.

We may terminate the Brand Building Fund at any time upon 30 days prior written notice to you. If we terminate the Brand Building Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section 9.D.)

Computer and Electronic Cash Register Systems

The Franchise Agreement requires that you use only the point of sale cash registers and computer systems and equipment that we prescribe for Pizza Cat Restaurants ("Computer System") and that you promptly adhere to our requirements. Requirements may include hardware components, dedicated telephone lines, a high-speed, broadband Internet connection, at our then-current, minimum bandwidth specification, modems, printers, and other computer-related accessories and peripheral equipment. We may require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, replace or upgrade your Computer System (software and hardware) and other computers, and enter into maintenance agreements for the Computer System. There is no contractual limitation on the frequency or cost of these obligations, and you are responsible for the costs of all Computer System requirements.

You will be required to purchase a designated bundled POS software package through the hardware POS provider we require (currently NJSJ Inc. dba Innovative Restaurant Consulting). The Computer System's hardware components include a processor, credit card swipes, and receipt and other printers, which are generally available from a number of retailers. It will cost between $8,500 and $11,000 to buy the Computer System's components when you develop the Restaurant.

We will provide you 30 days advance written notice of any changes to our Computer System requirements. You must acquire, install, and maintain such anti-virus and anti-spyware software as we require and must adopt and implement such Internet user policies as we may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with the operation of the Computer System.

You must: (a) use any proprietary and non-proprietary software programs, system documentation manuals, and other materials that we require in connection with the operation of the Restaurant; (b) input and maintain in your Computer System such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other proprietary and non-proprietary materials at then-current prices whenever we adopt new or upgraded programs, manuals, and materials for the System. You must enter into all software license agreements, "terms of use" agreements, and software and hardware maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by the agreements.

You must acquire and use, from the date the Franchise Agreement is signed until the expiration or termination of the Franchise Agreement, a valid email address. You must provide us notice of any changes to your email address and provide us the new or revised email address immediately upon its acquisition.

We may independently access your Computer System and retrieve, analyze, download, and use all software, data, and files stored or used on the Computer System. We may independently access the information system through our intranet, in your Restaurant, or from or through other locations and methods. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet, file exports, or other online communications or services. There is no contractual limitation on our right to independently access this information. You also must maintain a phone line and a high-speed, broadband Internet connection, at our current, minimum bandwidth specification, dedicated to the sole use of allowing the exchange of information between you, us, and any third-party vendors that we require, and any software and/or services designated by us to facilitate these communications. You must maintain and share with us a permanent, Internet email account.

Neither we nor our affiliates are required to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System or other computer equipment.

You must, at all times, be compliant with all applicable and current Payment Card Industry Data Security

Standards ("PCI DSS") requirements and other data security policies that we may implement. For more information about PCI DSS, you may visit https://www.pcisecuritystandards.org/.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will provide you with access to one set of our Manuals in electronic or paper format. A copy of the table of contents of the Manuals is attached as Exhibit E to this disclosure document. Our Manuals contain a total of 287 pages. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

At least 45 days before the Opening Date of your Restaurant, your Operating Principal, District Manager (if applicable), and Restaurant Managers we require must have attended and completed, to our satisfaction, our initial management training program. (Franchise Agreement, Section 8.A.)

Our initial training program is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Pizza Cat Restaurants. The subjects covered, approximate hours of classroom and on the job training, and other information about our initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training Hours	Location
Products	2	40	Toledo, Ohio
Shift Management	2	8	Toledo, Ohio
Administrative and Management	15	5	Toledo, Ohio
Sanitation/Health	1	5	Toledo, Ohio
POS	2	5	Toledo, Ohio
Advertising/Marketing	6	1	Toledo, Ohio
Delivery Procedures	4	1	Toledo, Ohio
TOTAL HOURS OF TRAINING:	32	65	

Our initial training program is subject to change without notice to reflect updates in the materials, methods, and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

The materials used in training include the Manuals as well as other presentation materials, including PowerPoint presentation and handouts. Our training will be supervised by our President, Matt Wojtowicz, who has 20 years of experience in the restaurant industry and has been with us or Pizza Trader since 2017. The training will be conducted by qualified members of the Pizza Cat Restaurant staff, including management personnel and employees. We may also draw upon the experience of other training professionals.

We provide instructors and training materials at no charge, but you must pay all expenses you and your personnel incur in initial training, including costs of travel, lodging, meals, and wages. We may charge a reasonable training fee (currently $250 per trainee) to train all successor or replacement personnel. This fee will depend on factors such as the number of people we train, the location of the training, and the length of the training. (Franchise Agreement, Section 8.A.) All replacement personnel must complete training to our satisfaction within six weeks of being hired.

We may require your Operating Principal, District Manager, and Restaurant Managers to attend additional training programs and seminars. We have the right to charge a reasonable fee for these additional training programs and seminars. This fee will depend on factors such as the number of people we train, the location of the training, the length of the training, and whether or not this training is conducted by third-parties. You must pay all expenses you or your personnel incur in any training program or seminar, including the cost of travel, lodging, meals, and wages. (Franchise Agreement, Section 8.A.)

<u>Site Selection and Opening</u>

No later than 180 days after you sign the Franchise Agreement, you must identify and secure a site for your Pizza Cat Restaurant within the non-exclusive Designated Area (Franchise Agreement, Section 3.A. and 3.C.). In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, and other demographic factors. We must accept the site as meeting our standards. You cannot place a Pizza Cat Restaurant at a site we have not first accepted in writing. We provide to you our written site selection guidelines to assist you in selecting a site that meets our guidelines. (Franchise Agreement, Sections 3.B. and 6.A.) Your failure to obtain a site that we approve and open within the specified time period is a default under the Franchise Agreement, for which we may terminate the Franchise Agreement.

When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines, a copy of the proposed lease (which incorporates a rider in substantially the form of Exhibit F to the Franchise Agreement), or contract of sale for the site, and any other information we may require We have 30 days after we receive this information to review and accept or not accept the proposed site and lease or contract of sale. If we accept multiple sites, you must notify us within five days of our acceptance of the sites of the site that you intend to acquire for the Restaurant. Our acceptance of a site does not guarantee that a Pizza Cat Restaurant will be profitable or successful at that site. (Franchise Agreement, Section 3.B.)

Promptly following our acceptance of the site and the lease or contract of sale, you must enter into the lease or contract of sale for the site that we have accepted. You must provide us with a copy of the signed lease or contract of sale within 10 days of signing it, (Franchise Agreement, Section), and you must obtain all zoning classifications, clearances, and approvals relating to the site and all required permits, licenses, and certifications. (Franchise Agreement, Section 3.B.)

<u>Typical Length of Time Before You Open Your Restaurant</u>

We estimate that it will be approximately 270 to 365 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Pizza Cat Restaurant. You must begin business within 365 days after signing the Franchise Agreement, unless we give you a written extension. (Franchise Agreement, Section 3.D.) You may request to extend your Opening Date deadline by 30 days by providing us your request in writing no later than 45 days before the Opening Date deadline. If we agree to your request, you must pay us $5,000. (Franchise Agreement, Section 3.D.)

ITEM 12
TERRITORY

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

However, under the Franchise Agreement you will have the sole right to operate a Pizza Cat Restaurant at a site selected by you and approved by us within the non-exclusive Designated Area (the "Franchise Location"). We will determine the Designated Area and insert it in the Franchise Agreement before you sign the Franchise Agreement. The Designated Area will exclude any existing or future protected area of another Pizza Cat franchisee that is or may be within the Designated Area. After your selection and our approval of the Franchise Location, we will assign you a geographic protected area (excluding any Reserved Area) around the Franchise Location ("Protected Area"), and we will not, without your consent, establish, or grant a third party to establish, a Pizza Cat Restaurant within the Protected Area during the term of the Franchise Agreement, as long as you remain in compliance with the Franchise Agreement and any other agreements you have with us or our affiliates. We do not guarantee any minimum area of protection and the Protected Area may be as small as an office or retail building in densely populated urban areas. The criteria which will influence the exact radius will include population density, local economic and other demographic data and other local market trends. You are not required to achieve any particular sales volume or market penetration or meet any other contingency to maintain your rights in the Protected Area.

The Franchise Agreement only grants you the right to operate your Pizza Cat Restaurant at the Franchise Location and to deliver or cater within the Protected Area (except in response to a customer request with our written consent). You may not actively solicit or accept business from consumers through any method of distribution not expressly permitted by the Franchise Agreement, including alternative channels such as the Internet, catalog sales, telemarketing, or other direct marketing. You may use the Internet to advertise on our Website only to the extent expressly permitted under, and in compliance with, the Franchise Agreement. You may conduct permitted catering activities outside the Protected Area in response to a customer request. You have no options or similar rights to acquire additional franchises.
We retain all other rights. Among other things, this means we can:

(i) Operate, and license others to operate, Pizza Cat Restaurants at any location outside the Protected Area and in any Reserved Area. A "Reserved Area" includes any enclosed shopping center, amusement park, theme park, sports stadium or arena, airport, train station, hospital, school, hotel, office building, or military base.

(ii) Develop and establish other business systems (including systems that distribute products or services similar to those offered at Pizza Cat Restaurants) using other names or marks, and grant licenses to use those systems;

(iii) Advertise and promote the System in the Protected Area;

(iv) Conduct, and license others to conduct, delivery and catering activities within the Protected Area in response to a customer request; and

(v) Within and outside the Protected Area, to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks, within and outside your Protected Area, through any other method of distribution, including grocery stores, supermarkets, convenience stores, mail order catalogs, community or special events of any kind, and the Internet, regardless of the competitive impact on the Restaurant, and without compensation to you.

You cannot relocate your Pizza Cat Restaurant without our consent. If you lose possession of the Franchise Location through no fault of your own, you must apply to us within 30 days for our approval to relocate your Pizza Cat Restaurant. You must relocate to another site in the Protected Area.

ITEM 13
TRADEMARKS

The Franchise Agreement gives you a license to operate a Pizza Cat Restaurant under the mark "PIZZA CAT" and to use any future Marks we authorize.

The following Mark has been registered with the U. S. Patent and Trademark Office ("USPTO") and is owned by Pizza Cat Holdings, LLC (the "Pizza Cat Holdings"). Pizza Cat Holdings intends to renew the registration and to file all appropriate affidavits at the appropriate times required by law.

Mark	Register	Registration Number	Registration Date
PIZZA CAT	Principal	5726162	April 16, 2019

Pizza Cat Holdings has filed an application with the USPTO to register the trademark listed below. Pizza Cat Holdings does not have a federal registration for the trademark listed below. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. Once registered, Pizza Cat Holdings intends to renew the registrations and to file all appropriate affidavits at the appropriate times required by law.

Mark	Register	Application Number	Application Date
PIZZA CAT	Principal	90/605,703	March 26, 2021

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to its ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary System know-how are derived from a nonexclusive perpetual license ("Intercompany License") among us and Pizza Cat Holdings. The Intercompany License grants us the right to use the Marks and the proprietary information related to the System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrator or judicial proceeding involving the Marks if the proceeding is resolved unfavorably to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Owners must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use 1 or more additional or substitute Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or pending patent applications that are material to the franchise. We do claim common law copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Pizza Cat Restaurants and the System. These copyrights are not registered.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially.

You and your Owners must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your Owners must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your Owners can give this confidential information only to your employees who need it to operate your Pizza Cat Restaurant. You must have your District Manager and Restaurant Managers and any of your other personnel who have received or will have access to our confidential information, sign similar covenants.

As between you and us, all customer data (including customer names, billing and shipping addresses, phone numbers, email addresses, payment records, account history, and all other information regarding the customers of your Pizza Cat Restaurant) belongs to us. If you or your Owners develop any new concept, process, or improvement in the operation or promotion of your Pizza Cat Restaurant, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your Owners agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

When you sign the Franchise Agreement, you must designate an individual to serve as your "Operating Principal." The Operating Principal it not required to have any ownership in the franchisee entity, but the Operating Principal must meet our qualifications and must be approved by us. The Operating Principal for all Pizza Cat Restaurants operated by you and, if applicable, your affiliates, must be the same person, and the same person must act as your Operating Principal under all Franchise Agreements between us.

Unless a District Manager is appointed, as discussed below, your Operating Principal must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement. He or she must satisfy our training requirements and our other standards and must sign our then-current form of confidentiality, noncompetition, and nonsolicitation agreement. We require your current and future Owners, including your Operating Principal if the Operating Principal is also an Owner, to sign an Owners' Guaranty and Assumption Agreement, guaranteeing your performance and binding themselves individually to all of your obligations under the Franchise Agreement. You or your Operating Principal must attend the annual meeting, convention, or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense.

You may, at your option and subject to our written consent, designate a District Manager to supervise the operation of your Pizza Cat Restaurant. The District Manager it not required to have any ownership in any of the franchisee entities, but he or she must sign our then-current form of confidentiality, noncompetition, and nonsolicitation agreement. Even if we permit you to designate a District Manager to supervise your operations under the Franchise Agreement, you remain ultimately responsible for the District Manager's performance. The District Manager must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreements and may not engage in any other business.

At least 90 days before the Restaurant opens for business, you must designate no less than 1 Restaurant Managers. Your Restaurant Managers must satisfy our educational and business criteria and must be acceptable to us. The Restaurant Managers are responsible for the daily operation and management of the Restaurant and must devote their full time and best efforts to the business. They must also satisfy the training requirements in the Franchise Agreement.

You must notify us promptly if your Operating Principal or any District Manager or Restaurant Manager cannot continue or no longer qualifies to serve as an Operating Principal or a District Manager or a Restaurant Manager. You will have 30 days from the date of the notice (or from any date that we independently determine the Operating Principal or District Manager or Restaurant Manager no longer meets our standards) to take corrective action. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement.

At our request, you must have your District Manager, Restaurant Managers and any other personnel who will have access to our training, sign covenants not to compete and must maintain the confidentiality of information they have access to through their relationship with you. These covenants will be in substantially the form of Exhibit B to the Franchise Agreement. We have the right, in our sole discretion, to decrease the period of time or geographic scope of the noncompetition and nonsolicitation covenants or eliminate the noncompetition and nonsolicitation covenants altogether for any person who must sign an agreement described in this paragraph.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products you use or sell at the Restaurant must conform to our standards and specifications. These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Restaurant.

You must offer and sell only the menu items, products, and services that we have expressly approved in writing. You must stop selling any menu items, products, or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard menu, and you must promptly comply with any changes that we make to the menu. You must prepare all menu items using the procedures for preparation contained in our Manuals or other written instructions. You must not use or offer nonconforming items, unless we first give you our written consent. You must open and operate the Restaurant during the hours we specify in the Manual or otherwise in writing.

Pizza Cat Restaurants are not currently authorized to offer, sell, or deliver alcoholic beverages.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to (i) the prices you may charge for products or services and (ii) the delivery fee that you (or your approved delivery service designee) charges for delivery of any such products or services. You cannot offer any complimentary or reduced-price products or services without our prior written approval.

We may make available to you and may require you to purchase from us for resale to your customers certain merchandise, like Pizza Cat Restaurant memorabilia, in amounts necessary to meet your customer demand.

You may not advertise, promote, post, or list information relating to the Restaurant on the Internet (through the creation of a Website or through posting on social media and other Websites), unless we decide to include information about your Restaurant on our Website.

Although you are only granted the right to operate a Pizza Cat Restaurant at the Franchise Location and to conduct permitted delivery and catering activities in the Protected Area from the Pizza Cat Restaurants in accordance with the Franchise Agreement and our standards, you must use the method, manner, and style of distribution that we may in the future prescribe in writing, in the Manuals or otherwise, including, dine-in, carry-out, and catering services. You must comply with the terms of any distribution program and sign any documents or instruments that we require.

We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or on sell or the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 4.A.	10-year initial term

Provision	Section in Franchise Agreement	Summary
b. Renewal or extension of the term	Section 4.B.	1 additional term of 10 years
c. Requirements for franchisee to renew or extend	Section 4.B.	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Others conditions are: Give written notice; update required items; not be in default; pay all money owed; retain right to Location; sign our then-current form of renewal franchise agreement; pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.
d. Termination by franchisee	None	You have no right to terminate the Franchise Agreement (subject to state law).
e. Termination by franchisor without cause	None	None
f. Termination by franchisor with "cause"	Section 18	We may terminate on your default.
g. "Cause" defined– curable defaults	Section 18.C	For any default except those specified as noncurable you have 30 days to cure (five days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; seven days if you fail to obtain the required insurance coverages; 10 days if you fail to comply with the noncompetition or nonsolicitation covenants; 10 days if you fail to secure the required liquor license(s) by the date the Restaurant is ready and/or required to open for business; 10 days if you fail to comply with applicable laws relating to the sale of alcoholic beverages at the Restaurant which results in the suspension or prohibition of such sales for more than 30 consecutive days).

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined– non-curable defaults	Sections 18.A. and 18.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Restaurant at location that we have not accepted; failure to construct the Restaurant in accordance with requirements; failure to begin business within the required time period; abandonment or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default under any other franchise agreement and failure to cure; repeated defaults whether or not cured; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations. A provision in the Franchise Agreement which states that the agreement terminates upon your bankruptcy may not be enforceable under Title 11, USC Section 101.

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/nonrenewal	Section 19	Stop operating your Restaurant and using the System's confidential methods, procedures, techniques and marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality, non-competition and nonsolicitation covenants; return all Manuals and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises; modify the appearance of the Restaurant.
j. Assignment of contract by franchisor	Section 15.A.	We may transfer our rights without restriction.
k. “Transfer” by franchisee – definition	Sections 15.B. and 15.C.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the franchised business without our consent.
l. Franchisor approval of transfer by franchisee	Section 15.B.	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section 15.B.	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our criteria, complete required training, guaranty obligations; enter into then-current franchise agreement and upgrade the Restaurant.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 15.D.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.

Provision	Section in Franchise Agreement	Summary
o. Franchisor’s option to purchase franchisee’s business	Sections 19.A.(8) and (9) and 19.B.	Upon termination or expiration we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to acquire the Location and the assets of the Restaurant from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. If you own the land were the Restaurant is located, we have the option to lease the land (and any building on the land used for the operation of the Restaurant), at a reasonable commercial rent. We have the option to have the lease for the premises of the Restaurant assigned to us.
p. Death or disability of franchisee	Section 15.E.	On death or permanent disability of you or an Owner the person’s interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section 11.C.(1)	You may not operate or have an interest in a business which is similar to a Pizza Cat Restaurant. Without prior written permission, you may not solicit current or former employees of us, our affiliates or other franchisees.
r. Non-competition covenants after the franchise is terminated or expires	Sections 11.C.(2)	For two years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to a Pizza Cat Restaurant, within the Protected Area, or within a 20-mile radius of the location of any Pizza Cat Restaurant then in existence or under construction.
s. Modification of the agreement	Sections 11.A. and 20.O.	Except for changes we can make unilaterally, changes require mutual agreement. You must comply with the Manuals as amended.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Sections 20.O. and 20.Z	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. No claim made in the Franchise Agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 20.F.	Except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property, claims, controversies or disputes from or relating to the Franchise Agreement must be mediated in Detroit, Michigan (subject to state law).
v. Choice of forum	Sections 20.F. and 20.G.	Except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information, mediation in Detroit, Michigan (subject to state law). Venue for any other proceeding is Wayne County, Michigan or the federal district court for the Eastern District of Michigan (subject to state law). In addition to the provisions noted in the chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Sections 20.J., 20.K., and 20.L.
w. Choice of law	Section 20.H.	The Franchise Agreement is to be interpreted and construed under Michigan law, except for Michigan choice of law rules (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

This financial performance representation includes Gross Sales for calendar years 2018 through 2020 for the 1 company-owned Pizza Cat Restaurant located in Toledo, Ohio (the "Company-Owned Restaurant") operated by Pizza Traders. The Company-Owned Restaurant began operating in May 2017 and was open at all times during calendar years 2018 through 2020. The Company-Owned Restaurant is substantially similar to the Pizza Cat Restaurants for which we are offering franchises. However, no franchised Pizza Cat Restaurants were in operation as of this disclosure document's issuance date.

Year	2018	2019	2020
Annual Gross Sales	$776,000	$708,000	$580,000

We previously sold a variety of menu items under the Marks from the Non-Traditional Outlet but we no longer operate the Non-Traditional Outlet and the Gross Sales attributable to such location are not included in the annual Gross Sales figures in the chart above. The Gross Sales of the Non-Traditional Outlet during the approximately 9 months that it operated during 2019 were $178,459.

Our management prepared this financial performance representation based on information provided by Pizza Traders that we believe to be reliable. The financial performance representation was prepared without an audit. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed an opinion with regard to their content or form. Written substantiation of the financial information presented in this financial performance representation will be made available to you upon reasonable request.

The Company-Owned Business has sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

The Gross Sales realized will vary from Pizza Cat Restaurant to Pizza Cat Restaurant and will be directly affected by many factors, such as geographic location, competition in the marketplace and the quality of management and service at the Pizza Cat Restaurant.

This financial performance representation reflects only Gross Sales of the Company-Owned Restaurant and does not reflect any costs of sales, operating expenses, and other costs or expenses that you will incur in operating a Pizza Cat Restaurant, including the royalty fees and Brand Building Fund contributions that you must pay under the terms of the Franchise Agreement. This financial performance representation also does not include debt service or equipment lease costs that may be incurred in the operation of a Pizza Cat Restaurant. In addition, this financial performance representation does not include any information about the federal income taxes payable on any net income derived from the operation of a Pizza Cat Restaurant or state or local net income or gross profits taxes that may be applicable in the jurisdiction in which your Pizza Cat Restaurant is located.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Matt Wojtowicz at 1938 Franklin Street., Suite 206, Detroit, MI 48207 and (313) 457-9050, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2018 to 2020 (1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned	2018	1	1	0
	2019	1	1	0
	2020	1	1	0
Total Outlets	2018	1	1	0
	2019	1	1	0
	2020	1	1	0

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020 (1)

State	Year	Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31.

Table No. 3
Status of Franchised Outlets
For years 2018 to 2020 (1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
All States	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31.

Table No. 4
Status of Company-Owned Outlets
For years 2018 to 2020(1)(2)

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	2018	1	0	0	0	0	1
	2019(3)	1	1	0	1	0	1
	2020	1	0	0	0	0	1
Totals	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

Notes:

1. Pizza Traders owns and operates the Pizza Cat Restaurant listed in the table above.
2. All numbers are as of our fiscal year end, which ends on December 31.
3. We sold a variety of menu items under the Marks during part of calendar year 2019 from the Non-Traditional Outlet. We stopped operating at such location before the end of 2019.

Table No. 5
Projected Openings As Of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Michigan	0	0	0
Total	0	0	0

The name, business address, and business telephone number of each current franchisee on December 31, 2020, are listed on Exhibit D.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a franchise agreement for a Pizza Cat Restaurant terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or has not communicated with us within 10 weeks of the date of this disclosure document are listed on Exhibit D.

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

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

As of the date of this disclosure document, we have no current or former franchisees who have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the Pizza Cat Restaurant franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A is our opening audited balance sheet as of March 31, 2021. Our fiscal year ends on December 31.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Franchise Agreement (with attachments).

ITEM 23
RECEIPTS

Attached as the last two pages of this disclosure document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A

FINANCIAL STATEMENTS

Pizza Cat Franchising, LLC

Financial Statements

As of March 31, 2021 and for the period from inception (February 12, 2021) through March 31,2021

Pizza Cat Franchising, LLC

Financial Statements

As of March 31, 2021 and for the period from inception
(February 12, 2021) through March 31, 2021

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Dallas Office
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Suite 200
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Phone 972 238 5900
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www.agllp-cpa.com

Independent Auditor's Report

To the Member
Pizza Cat Franchising, LLC
Detroit, Michigan

Report on the Financial Statement
We have audited the accompanying financial statements of Pizza Cat Franchising, LLC (the "Company"), which comprise the balance sheet as of March 31, 2021, and the related statements of operations, changes in member's equity and cash flows for the period from inception (February 12, 2021) through March 31, 2021, and related notes to the financial statements.

Management's Responsibility for the Financial Statement
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the 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 presents fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations, changes in member's equity and cash flows for the period from inception (February 12, 2021) through March 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company is dependent upon financial support from its member to fund its operations for at least twelve months following the issuance of the financial statements, to ensure the Company has sufficient liquidity to satisfy its obligations. Our opinion is not modified with respect to this matter.

A+G LLP

Dallas, Texas
May 5, 2021

Balance Sheet

As of March 31,		2021
Assets		
Current assets:		
Cash and cash equivalents	$	25,000
Total current assets		25,000
Intangible assets		15,000
Total assets	$	40,000
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable and accrued expenses	$	20,404
Total current liabilities		20,404
Member's equity		19,596
Total liabilities and member's equity	$	40,000

Statement of Operations

For the period from inception (February 12, 2021) through March 31,		**2021**
Revenues:	**$**	**-**
General and administrative expenses:		
Professional fees		**5,404**
Total general and administrative expenses		**5,404**
Loss from operations		**(5,404)**
Net loss	**$**	**(5,404)**

Statement of Changes in Member's Equity

Balance at February 12, 2021 (inception)	$	-
Net loss		(5,404)
Contributions from member		25,000
Balance at March 31, 2021	**$**	**19,596**

Statement of Cash Flows

For the period from inception (December 11, 2020) through December 31,		**2021**
Operating Activities		
Net loss	**$**	**(5,404)**
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses		**20,404**
Net cash provided by operating activities		**15,000**
Investing Activities		
Purchase of intangible assets		**(15,000)**
Net cash used by investing activities		**(15,000)**
Financing Activities		
Contributions from member		**25,000**
Net cash provided by financing activities		**25,000**
Net increase in cash and cash equivalents		**25,000**
Cash and cash equivalents, beginning of period		**-**
Cash and cash equivalents, end of period	**$**	**25,000**

NOTES TO FINANCIAL STATEMENTS
March 31, 2021

1. Organization and Operations

Description of Business

Pizza Cat Franchising, LLC is a limited liability company organized under the laws of the State of Michigan. References in these financial statement footnotes to “Company”, “we”, “us”, and “our” refer to the business of Pizza Cat Franchising, LLC. The Company was organized on February 12, 2021.

The Company was formed for the purpose of granting franchises for the establishment of businesses that specialize in providing operation of a restaurant offering a wide variety of menu items (including custom and hot pre-made pizzas, chicken wings, chicken chunks, sandwiches and assorted dessert items) and beverages (“Pizza Cat Restaurant” or “Restaurant”). The company operates under the Pizza Cat trade name and business system (“System”).

Pizza Cat Holdings, LLC (“PCH”), an entity owned by the Company’s sole member, owns the trademarks and other intellectual property relating to the System. The Company’s rights to the trademarks and the proprietary System know-how are derived from a nonexclusive, perpetual license between the Company and PCH (“Intercompany License”). The Intercompany License grants the Company the right to use the trademarks and the know-how for the purpose of sublicensing them to our franchisees and fulfilling the Company’s obligations to its franchisees.

During the period from inception (February 12, 2021) through March 31, 2021, 0 franchises were opened, and 0 were closed. At March 31, 2021 there were 0 franchises in operation.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and has sustained losses from operations for the period from inception to March 31, 2021 and is projecting continued losses from operations and net cash outflows from operating activities for the period ending December 31, 2021 and is dependent on additional funding from its member. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s member has committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements.

After considering the financial wherewithal of its member to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company’s ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is expected to be temporary, there is considerable uncertainty around the duration. Though some of the restrictions were lifted in some states in March 2021, the extent to which the pandemic will impact our business remains highly uncertain if it continues for an extended period. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic’s magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting
The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States. Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates
The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statement. Actual results could differ from those estimates.

Fair Value
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash and cash equivalents. The carrying values of current assets and current liabilities are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Intangible Assets
The Company has certain intangible assets not subject to amortization in accordance with FASB ASC 350, *Goodwill and Other Intangible Assets*. Intangible assets not subject to amortization include franchise development costs.

Intangible assets not subject to amortization are evaluated for impairment in accordance with FASB ASC 360-10-20, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Intangible assets are tested for impairment annually at the Company's year-end, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is conducted by comparing the fair value with the carrying value of the reporting unit. Fair value is determined using a discounted cash flow and market method analysis. If the carrying value of intangible assets exceeds the fair value of the reporting unit, intangible assets may be impaired. The Company would then recognize an impairment loss in its financial statements.

2. Significant Accounting Policies (continued)

Revenue Recognition

The Company will recognize revenue in accordance with FASB ASC 606-10-25, *Revenue from Contracts with Customers*.

The Company will generate revenues and earns fees from Pizza Cat Franchised Businesses. The Company will provide the use of trademarks, system, training, opening assistance and center operating assistance in exchange for initial franchise fee and royalties based on a Pizza Cat Franchised Business revenues.

A franchise agreement establishes a Pizza Cat Franchised Business developed in one or multiple defined geographic area and provides for a 10-year initial term with renewal of 1 additional 10-year term.

Initial franchise fees will be recorded as deferred revenue when received and will be recognized as revenue over the contractual term of the franchise agreement, when a Pizza Cat Franchised Business is opened. Transfer and renewal fees will be recognized as revenue over the contractual term of the franchise agreement. Royalties from Pizza Cat Restaurants will be based on a percentage of gross revenues of the Pizza Cat Restaurants and will be recognized as earned.

Advertising

All costs associated with advertising and marketing are expensed in the period incurred.

Income Taxes Status

The Company is a single member limited liability company and as such is considered a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the member is taxed on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" as amended by multiple updates to the standard. This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet and requires lessors to classify leases as a sales-type, direct financing or operating lease. The update also expands the required quantitative and qualitative disclosures surrounding leases. In June 2020, the FASB issued ASU 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities." ASU 2020-05 defers the effective date of ASU 2016-02 for private companies and private not-for-profit entities for one year. The updated guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on its financial statements.

In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The updated guidance is effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. This guidance should be applied retrospectively to the date ASU 606 was adopted. The Company is currently evaluating the impact of adopting ASU 2021-02 on its financial statements.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)
We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Intangible Assets

Intangible assets at March 31, 2021, consist of franchise development costs. These assets are considered indefinite lived assets and as such are not subject to amortization. At March 31, 2021 the Company had capitalized cost related to franchise development costs of $15,000.

5. Income Taxes

The Company is a single member limited liability company and, as such, is considered a disregarded entity under the provisions of the Internal Revenue Code. Because of its status the Company itself does not file an income tax return separate and apart from its sole member.

The Company's member files income tax returns in the U.S. federal jurisdiction and the state jurisdictions in which the Company operates. The Company is subject to routine audits by taxing jurisdictions from the inception through March 31, 2021; however, there are currently no audits for any tax periods in progress.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at March 31, 2021.

6. Subsequent Events

The Company has evaluated subsequent events through May 5, 2021, the date the financial statements were available to be issued.

EXHIBIT B

FRANCHISE AGREEMENT AND STATE-SPECIFIC AMENDMENTS

PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT

FDD dated: May 5, 2021
Form dated: May 5, 2021

PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT

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PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made and entered into as of __________, 20__ ("**Effective Date**"), by and between Pizza Cat Franchising, LLC, a Michigan limited liability company ("**we**," "**us**," or "**our**"), and ________________________ ("**you**" or "**your**"), and will be effective upon execution by us.

RECITALS

We have the right to use and license the use of a business system ("**System**") (further defined below) for the establishment and operation of a restaurant offering a wide variety of menu items (including custom and hot pre-made pizzas, chicken wings, chicken chunks, sandwiches and assorted dessert items) and non-alcoholic beverages, primarily offered through carry-out, curbside and delivery from the restaurant ("**Pizza Cat Restaurant**" or "**Restaurant**").

Pizza Cat Restaurants operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin ("**Marks**") (as further defined below).

You wish to obtain a franchise to establish and operate a Pizza Cat Restaurant using the Marks and the System at the Franchise Location (defined below) and specified in Exhibit C to this Agreement.

We are willing to grant you a franchise upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

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

AGREEMENT

1. DEFINITIONS

"**Advertising Assessment**" means the aggregate amount you must spend for advertising pursuant to Section 9.A.

"**Affiliate**" or "**Affiliates**" of a named person means any person or entity that is controlled by, controlling, or under common control with the named person.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

"**Brand Building Fund**" or "**Fund**" means the brand building fund described in Section 9.D.

"**Business Day**" means each day other than a Saturday, Sunday, U.S. holidays, or any other day on which the Federal Reserve is not open for business in the United States.

"**Competitive Business**" means any business which prepares, offers or sells as a primary menu item, or mix of menu items, pizza or Italian food, or related menu items, products, or services now or in the future offered to consumers for dine-in or take-out consumption and sold by Pizza Cat Restaurants. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, or the like for Competitive Businesses. Restrictions contained in this Agreement on competitive activities do not apply to: (a) the ownership, operation, or franchising of Pizza Cat Restaurants by or pursuant to agreements with, or authorizations from us or our affiliates; or (b) the ownership of shares of a class of securities that are listed on a U.S. stock exchange or traded on the over-the-counter market and that represent less than 10% of that class of securities.

"**Computer System**" means the computer hardware and software (including, without limitation, point of sale software and systems) and all other peripheral equipment (including without limitation, remote stations, tablets, or other handheld devices) that we may designate from time to time for use in the operation of Pizza Cat Restaurants.

"**Confidential Information**" means all proprietary and confidential information relating to the establishment and operation of Pizza Cat Restaurants, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) recipes; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Pizza Cat Restaurants, other than your Restaurant; (viii) computer programs and systems, including electronic data files and passwords, (ix) Improvements (as defined in Section 11.D.); and (x) customer communication and retention programs and data used or generated in connection with those programs.

"**Cooperative**" means an advertising cooperative, as described in Section 9.C.

"**Control**" or "**Controlling Interest**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

"**Designated Area**" means the non-exclusive geographic area assigned to you upon the execution of this Agreement and described on Exhibit C, excluding any Reserved Area, within which you will identify a location for the Restaurant as described in Section 3.A.

"**District Manager**" means any person designated pursuant to Section 7.E.(2).

"**Force Majeure**" means acts of God, strikes, lockouts, or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire, or other catastrophe or other forces beyond a party's control.

"**Franchise Location**" means the address of the premises at which the Restaurant is located, as listed in Exhibit C to this Agreement.

"**Gross Sales**" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income related to catering operations and special events), whether for cash or credit, and regardless of collection in the case of credit. The following are included within the definition of "Gross Sales" except as otherwise noted: (a) the full value of meals furnished to your employees as an incident to their employment, except that you may credit the value of any discounts you extend to your employees against Gross Sales during the week in which the meals were furnished to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; (b) all proceeds from the sale of coupons, gift cards, gift certificates, or vouchers; provided, that when the coupons, gift cards, gift certificates, or vouchers are redeemed, you may credit their retail price against Gross Sales to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; (c) your share of revenues from any vending machines or video games installed in the Restaurant; and (d) all proceeds from any gambling activities or gaming devices (where such activities are legally permissible). If you do not record and report sales proceeds for royalty purposes when the coupon, gift card, gift certificate or voucher is sold, or if such coupons, gift card, gift certificates or vouchers are distributed free of charge, you will not be entitled to a credit against Gross Sales upon redemption of the coupon, gift card, gift certificate or voucher. "Gross Sales" does not include (i) sales taxes you collect from customers of the Restaurant, if the taxes are actually transmitted to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Restaurant or having any material effect upon the ongoing operation of the Restaurant.

"**Gross Sales Report**" means the report in the form we require (which may include online reporting at our discretion) due on or before each Tuesday during the Term, itemizing the Gross Sales of the Restaurant for the preceding week (Monday through Sunday).

"**Manual**" or "**Manuals**" means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications, and operating procedures relating to the development and operation of Pizza Cat Restaurants and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, video, audio tape, DVDs, computer software, CDs, USB data storage devices, and other electronic communications.

"**Marks**" means the trade names, trademarks, service marks, logos, emblems, and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the "PIZZA CAT" trademark and related commercial symbols.

"**Opening Date**" means the date the Restaurant opens for business to the public.

"**Owners**" mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

"**Operating Principal**" means the person designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of your business.

"**Pizza Cat Restaurant**" or "**Restaurant**" means the Pizza Cat Restaurant operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

"**Protected Area**" means the geographic area assigned to you upon the execution of this Agreement and described on <u>Exhibit C</u>, excluding any Reserved Area and any territory or protected area of any other franchisee, within which you will be afforded the protections described in <u>Section 2.B.</u>

"**Reserved Area**" means any enclosed shopping center, amusement parks, theme parks, sports stadiums and arenas, airports, train stations, hospitals, schools, hotels, office buildings, and military bases.

"**Restaurant Managers**" means no fewer than one general manager, two assistant managers, and one kitchen manager.

"**Software Programs**" means the proprietary or other software programs we develop, acquire, or require for use by Pizza Cat Restaurants.

"**System**" means our comprehensive methods and procedures for the establishment, management, and operation of Pizza Cat Restaurants, including the Confidential Information, our Manuals, the Marks, and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special recipes and menu items; uniform standards, specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop, or otherwise modify from time to time.

"**Taxes**" means any present or future taxes, levies, imposts, duties, or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Restaurant or the franchisee entity, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by our net income.

2. GRANT

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Pizza Cat Restaurant under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Restaurant at the Franchise Location and to conduct permitted delivery and catering activities from the Restaurant and within the Protected Area in accordance with the Agreement and our standards; provided that delivery or catering activities may be conducted outside the Protected Area only in response to a customer request and with our prior written consent. We reserve the right to change our delivery and catering program and the area in which you may deliver or cater at any time. You are not authorized to offer any of the products and services offered by Pizza Cat Restaurants at wholesale.

B. Protected Area. After your selection of, and our consent to the Franchise Location, we will assign to you a geographic Protected Area that includes the Franchise Location (but excludes any Reserved Area). Except as provided in Section 2.C., and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will, during the Term, establish, or authorize any person or entity other than you to establish, a Pizza Cat Restaurant in the Protected Area or deliver products from a Pizza Cat Restaurant to customers in the Protected Area.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Pizza Cat Restaurants at any location outside the Protected Area and in any Reserved Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area, to develop and establish other business systems (including systems that distribute products or services similar to those offered at Pizza Cat Restaurants) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Area; (iv) to conduct, and license others to conduct, delivery and catering activities within the Protected Area in response to a customer request; and (v) except for the restriction in Section 2.B. against the establishment of another Pizza Cat Restaurant in the Protected Area, to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, grocery stores, supermarkets, convenience stores, mail order catalogs, community or special events of any kind, and the Internet, regardless of the competitive impact on the Restaurant.

D. Waiver. You hereby waive any right you have, may have, or might in the future have, to oppose our exercise of our reserved rights in Section 2.C. and any claim for compensation from us as a result of our exercise of such rights.

3. SITE SELECTION, FRANCHISE LOCATION, CONSTRUCTION, AND OPENING DATE

A. Designated Area. You assume all cost, liability, expense and responsibility for locating (including any costs and expenses associated with engaging our designated real estate broker), obtaining and developing a site for the Restaurant within the Designated Area. You acknowledge and agree that the you acquire no rights in and to the Designated Area, other than the right to select a site for the Restaurant from within its boundaries, and, without limitation of the foregoing, you have no exclusivity rights in the Designated Area. You further acknowledge and agree that the Designated Area excludes (i) any existing Protected Area of another Pizza Cat franchisee within the Designated Area, (ii) any Protected Area of another Pizza Cat franchisee which may be designated after the execution of this Agreement and is within the Designated Area and (iii) any Reserved Area. Following our consent to, and your acquisition of, the Franchise Location pursuant to this Section 3, this Agreement will be amended so that the Franchise Location is set forth in Exhibit C and the Designated Area will have no further force or effect.

B. Site Selection. You assume all cost, liability, expense and responsibility for selecting the Franchise Location in accordance with our site selection procedures. The selection of the Franchise Location and the performance of the related lease, construction and opening obligations are your sole responsibility. You will propose a site for the Restaurant based on its own independent research and investigation; however, we must consent to the Franchise Location before you proceed with acquiring or leasing the Franchise Location or otherwise establishing the Restaurant. Within 90 days after the Effective Date, you will have proposed, and obtained our consent to, a site for the Restaurant. Before acquiring a site for the Restaurant, you shall submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, copies of a proposed lease (which incorporates a rider in substantially the form attached hereto as Exhibit F) or a contract of sale for the site. Our approval of a lease does not mean that the economic terms of the lease are favorable to you; it means only that the lease contains the lease terms that we require. We will have 30 days after receiving your site information to accept or not accept, in our sole discretion, the proposed site as the location for the Restaurant. No site may be used for the Restaurant unless it is first approved in writing by us, and you must not make any binding commitment with respect to a site for the Restaurant unless the site is first approved by us in writing. If we approve multiple sites for the Restaurant, you must notify us in writing within five days of the date of such approval of the site that you intend to acquire for the Restaurant. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Restaurant operated at that site will be profitable or otherwise successful.

C. Site Acquisition. Promptly following our acceptance of the Franchise Location, but in no event no later than 180 days after the execution of this Agreement, you must acquire the site by purchase or lease, at your expense. You must furnish us a copy of the executed lease or contract of sale within 10 days after execution.

D. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Restaurant at the Franchise Location. Before beginning construction of the Restaurant, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section 13 is in full force and effect. Without limiting the generality of the foregoing, if we authorize or require the sale of alcoholic beverages at the Restaurant at any time during the Term, you must obtain all required licenses and/or governmental approvals to offer and sell alcoholic beverages at the Restaurant promptly thereafter and subsequently maintain all such alcoholic beverage licenses and/or governmental approvals. Failure to obtain and maintain such alcoholic beverage licenses and/or governmental approvals as required by this Section 3.D. shall constitute a material default under Section 18. At our request, you must provide to us copies of all such approvals, clearances, permits, licenses, and certifications.

E. Construction and Finish Out. You must obtain, at your expense, the architectural, engineering, design, construction, and other services necessary for the construction of the Restaurant as required in this Agreement. We will provide you a set of prototype plans.

(1) Promptly after obtaining possession of the site for the Restaurant, you must: (a) retain the services of an architect, a general contractor, and an audio/visual equipment provider and installer; (b) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, audio visual equipment, furniture, and signs; (c) complete the construction and/or remodeling, equipment, fixtures, furniture, and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes, and permit requirements without any unauthorized alterations; (d) obtain all customary contractors' sworn statements and partial and final waivers and obtain all necessary permits, licenses, and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Amendments

Act; and (e) obtain and maintain all required zoning changes, building, utility, health, sanitation, liquor, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions. If this Agreement is for your first Pizza Cat Restaurant, or if in any previous franchise agreement executed between you or any of your Affiliates and us, you, or any of your Affiliates have not met your obligations regarding the build-out of any previous Pizza Cat Restaurant, you must retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring, and obtaining in a timely manner all necessary construction documents, licenses, and permits and to advise you throughout the construction of your Restaurant.

(2) Without limiting the generality of this Section 3.E., you must adapt our prototypical architectural and design plans and specifications for a Pizza Cat Restaurant as necessary for the construction of the Restaurant and must submit the adapted plans to us for review within 45 days after you acquire the Franchise Location. We will notify you of any objections to the plans within 30 days of receiving them. If we fail to notify you of an objection to the plans within the 30-day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within 30 days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such 30-day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(3) You must promptly commence and diligently pursue construction of the Restaurant. During construction, you must provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress, which may include virtual site visits. You must notify us of the scheduled date for completion of construction no later than 45 days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed Restaurant. You must not open the Restaurant for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

F. Opening Date. You must open the Restaurant and commence business within 365 days after the execution of this Agreement, unless you obtain a written, 30-day extension from us, which we may or may not grant in our sole discretion. If you wish to acquire a 30-day Opening Date extension, you must submit your request to us in writing no later than 45 days before the Opening Date deadline. You must follow the same process for any additional extensions, which we may or may not grant, in our sole discretion. Notwithstanding the foregoing, you acknowledge that time is of the essence. Before the Opening Date, you must complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings, and signs, pursuant to the plans and specifications we have approved, and must comply with all other pre-opening obligations. If you fail to comply with any of these obligations, we have the right to prohibit you from opening the Restaurant. Your failure to open the Restaurant in compliance with these provisions will be deemed a material event of default under this Agreement.

G. Relocation. You have been granted the right to operate a Pizza Cat Restaurant at the Franchise Location listed in Exhibit C to this Agreement. You must not relocate the Restaurant without our express prior written consent. If you are unable to continue the operation of the Restaurant at the Franchise Location because of the occurrence of an event of Force Majeure or for other reasons not constituting an event of default under this Agreement, you may request our consent to relocate the Restaurant to another location in the Protected Area. If we grant you the right to relocate the Restaurant, you must comply with such reasonable site selection and construction procedures as we may require and in connection with such relocation, you must conduct a grand opening promotion in accordance with Section 9.G. Prior to granting our consent to the Franchise Location (or your relocation of the Restaurant in accordance with this Agreement), you must comply with the requirements set forth in Sections 3.C., D., and E. You may not use the Franchise Location (or relocation site) for any purpose other than for the operation of the Restaurant during the Term.

4. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement ("**Term**") will begin on the Effective Date and will continue until 10 years from the Opening Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for one additional term of 10 years, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six months nor more than nine months before the end of the initial Term;

(2) You must refurbish, repair, or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior decor items, fixtures, furnishings, supplies, and other items required for the operation of the Restaurant as we may reasonably require and must otherwise upgrade the Restaurant to reflect the then-current standards and image of the System. You acknowledge that such requirements may include extensive changes, and you shall commence such refurbishing, repair, replacement, and upgrades promptly upon notice from us (unless you elect not to renew your rights) and shall complete such requirements as expeditiously as possible, but in any event prior to the commencement of the renewal term;

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the renewal term or obtain our consent to a new site for the Restaurant;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and advertising contribution or expenditure requirement;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state, or local laws, rules, regulations, or orders;

(8) You must comply with our then-current qualification and training requirements; and

(9) You must pay us, at least 30 days prior to the end of the expiring term, a renewal fee in an amount equal to the then-current initial franchise fee for new Pizza Cat Restaurant franchise agreements.

5. FEES

A. Initial Franchise Fee. You must pay us an initial franchise fee of $25,000 upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the Term, you must pay us a continuing weekly royalty fee in an amount equal to 5% of the Restaurant's Gross Sales for the immediately preceding week. You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fee will be due each Tuesday during the Term. If the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. For purposes of this Section 5.B., the Restaurant's first week of operation shall begin on the Opening Date and shall end on the following Sunday, and each subsequent week shall begin on Monday and conclude on the following Sunday. On or before each Tuesday during the Term, you must provide a Gross Sales Report to us.

C. Technology Fee. During the Term, you must pay to us a monthly technology fee (the "**Technology Fee**"). Initially, the Technology Fee is $450 per month and is due on the 3rd day of each month during the term (or, if the 3rd day of the month is not a Business Day, the next Business Day) and is payable in the manner required by us. The Technology Fee defrays the costs of certain technology-related expenses incurred by us during the Term (including creating, implementing and supporting new and existing software and technology platforms such as franchise management systems, email marketing systems, micro-sites, and telephone systems that are not be included in direct costs of those software and technology platforms). The Technology Fee may be adjusted at any time with 60 days' prior written notice to you and may be increased to $750 per month and further increased up to 10% per year thereafter.

D. Other Fees and Payments. In addition to the initial franchise fee, weekly royalty, and Technology Fee, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

E. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the due date will be deemed overdue. All unpaid obligations under this Agreement will bear interest from the date due until paid at the lesser of 18% per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also must pay any late payment fees assessed by us, up to $200 for each delinquent report or payment that you owe us under this Agreement.

(2) Our acceptance of any payments due subsequent to the due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We will have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due us on account of our breach or alleged breach of this Agreement and no right to offset any amount due us against any obligation that we may owe to you.

(5) Each payment to be made to us shall be made free and clear and without deduction for any Taxes.

F. Electronic Funds Transfer. You must execute Exhibit E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("**EFT**") in the amount of the royalty fee, the Fund contribution (described in Section 9.D.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section 8.G. or the Gross Sales Report, at our election. If we have not received the Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the subject week based on the most recent Gross Sales information taken from your Computer System, or if such information is not taken from your Computer System, from the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the subject week is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Notwithstanding the foregoing, if you submit a Gross Sales Report that reflects an amount that is different from the Gross Sales information we have taken from your Computer System, then the higher amount of the two reports will be used. Should your bank fail to honor any EFT for any reason, you will make such payment and pay any related service charge. If any payments are not received when due, interest may be charged in accordance with Section 5.D. Upon written notice to you, we may designate another method of payment.

6. OUR OBLIGATIONS

We will provide the following services or cause them to be provided to you:

A. Site Selection Assistance. Our written site selection guidelines and such site selection assistance as we deem advisable.

B. On-Site Selection Evaluation. Such on-site evaluation as we may deem necessary or in response to your reasonable request for site selection assistance; provided, that we shall not provide an on-site evaluation for any proposed site prior to receiving all required information and materials prepared and submitted pursuant to Section 2.B., and, in our discretion, prior to receiving such information for multiple proposed sites. We may require you to pay us a reasonable fee for performing each site evaluation and to pay or reimburse us for the amount of the reasonable expenses, including, without limitation, the cost of travel, lodging, and meals, incurred by us in conducting any on-site evaluation.

C. Manuals. Access to one set of the Manuals in electronic or paper format.

D. Training. An initial training program for your Operating Principal, District Manager, and Restaurant Managers, and additional training programs in accordance with Section 8.A. Upon your reasonable request, or if we determine it to be necessary during the Term, on-site remedial training; provided that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training, and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, and meals.

E. Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary. You do not have the option to decline the opening assistance described in this Section 8.E.. You must reimburse us for all travel-related expenses incurred in connection with all on-site assistance, including, without limitation, the cost of travel, lodging, meals, and wages.

F. Software Programs. For a reasonable fee, any Software Programs that we acquire, require, or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

G. Inspections. Inspections of the Restaurant and evaluations of the products sold and services offered and sold at and from the Restaurant from time to time as reasonably determined by us. Our evaluations and inspections may include a "mystery shopper" program from time to time throughout the

Term. You must comply with our mystery shopper program requirements, which include paying for the mystery shopper's receipt of items purchased at your Restaurant. If you fail an evaluation by us or by a mystery shopper, or if we receive a specific customer complaint, we reserve the right, in our sole discretion, to conduct additional mystery shop visits, and you must pay our then-current fee for the mystery shopper we send to your Restaurant, plus the amount of the receipt paid by the mystery shopper for the items purchased at your Restaurant.

H. Advertising. Administration of a brand building fund in accordance with Section 9. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Pizza Cat Restaurants.

I. Operational Advice. Advice and written materials concerning techniques for managing and operating Pizza Cat Restaurants, including new developments and improvements in the System.

J. Collateral Merchandise; Equipment; Decor Items. From time to time in our discretion and at a reasonable cost, certain merchandise identifying the System, such as caps, t-shirts, and other System memorabilia, and/or certain equipment, decor items, or other products and services.

K. Approved Suppliers. From time to time, as we deem appropriate, a list of approved suppliers.

7. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Your Investigation of this Franchise.

(1) You acknowledge having received our franchise disclosure document within the time period required by applicable law before you executed this Agreement or paid any consideration to us. You further acknowledge that you have read this Agreement and our franchise disclosure document and that you understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of Pizza Cat Restaurants and to protect the goodwill of the Marks and the integrity of the System.

(2) You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a Pizza Cat Restaurant involves business risks; that your success is largely dependent on your own abilities and efforts; and that the nature of Pizza Cat Restaurants may change over time. You have not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits, or success of the business contemplated by this Agreement.

(3) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(4) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions, and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

(5) You acknowledge that you are relying solely on Pizza Cat Franchising, LLC, and not on any affiliated entities or parent companies related to us, with regard to our financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, us has made any statement or promise to the effect that our affiliated entities or parent companies guarantee our performance or financially back us.

B. Your Organization. If you are a corporation, partnership, limited liability company, or other legal entity:

(1) You are duly organized and validly existing under the laws of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Pizza Cat Restaurants. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any Competitive Business;

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the Term, at our request, provide to us copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements, or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company, or other legal entity, the ownership interests in you are accurately and completely described in Exhibit D. You will maintain at all times a current list of all of your Owners and make your list of Owners available to us upon request.

(2) If you are a corporation, you must maintain stop-transfer instructions against the transfer on your records of any of your equity securities and conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) You will cause each of your Owners to execute the Guaranty and Assumption Agreement attached as Exhibit A to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement, as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities,

adverse claims, commitments, or obligations of any nature, whether accrued, unliquidated, absolute, contingent, or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you must provide us with any and all loan or other documents regarding the financing of the Restaurant.

(3) You will maintain at all times during the Term sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You must designate upon the execution of this Agreement, and retain at all times during the Term, an individual to serve as your Operating Principal. The Operating Principal is not required to have any ownership in you, must meet our qualifications, must be approved by us, and must sign the Confidentiality and Noncompetition/Nonsolicitation Agreement, Exhibit B hereto. The Operating Principal for all Pizza Cat Restaurants operated by you and, if applicable, your Affiliates must be the same person. Unless we approve the appointment of a District Manager, your Operating Principal must devote full time and best efforts to the supervision of the Pizza Cat Restaurants operated by you and your Affiliates. Your Operating Principal and any District Manager whom we approve must be empowered with full authority to act for you.

(2) You may, with our written consent, designate a District Manager who meets our qualifications to supervise the operation of your Pizza Cat Restaurant; provided that the District Manager for all Pizza Cat Restaurants operated by you and, if applicable, your Affiliates must be the same person. If appointed, your District Manager must devote full time and best efforts to the supervision of the Pizza Cat Restaurants operated by you and your Affiliates. Your District Manager must sign the Confidentiality and Noncompetition/Nonsolicitation Agreement, Exhibit B hereto. You remain fully responsible for your District Manager's performance.

(3) You will designate not later than 90 days before the Opening Date and retain at all times during the Term the required number of Restaurant Managers. The Restaurant Managers shall meet our qualifications and shall devote full time and best efforts to the day-to-day operation and management of the Restaurant.

(4) The names of all of your Owners and your Operating Principal and District Manager, if applicable, shall be listed in Exhibit D to this Agreement, and you will keep such information current at all times during the Term. You must promptly notify us in writing if your Operating Principal or any District Manager or Restaurant Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action within 30 days after any such notice. During such 30-day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section 7.E. will be a material breach of this Agreement.

(5) You, your Operating Principal, and your District Manager, if applicable, must attend, at your own expense, the annual meeting, convention, or conference of franchisees and all meetings relating to new, or changes in, System procedures, programs, training, promotional programs, and/or similar topics.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you must comply with all applicable federal, state and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the Term. In addition to, and without limiting the foregoing, you certify that neither you nor any of your Owners, employees, or anyone associated with you is listed in connection with any Anti-Terrorism Law, and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You will comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Restaurant, any related Internet listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Restaurant and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Restaurant; and (ii) to obtain any and all returns and reports related to the Restaurant that you file with any local, state, or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you will execute such forms and documents as we deem necessary to appoint us your true and lawful attorney in fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and your Owners make the foregoing representations, warranties, and covenants understanding that such representations, warranties, and covenants are continuing obligations. You will cooperate with us to verify your and your Owners’ continuing compliance with such representations, warranties, and covenants. Any failure to comply with these representations, warranties, and covenants will constitute a material event of default under this Agreement.

8. RESTAURANT OPERATIONS

A. Training. Your Operating Principal, District Manager, and Restaurant Managers must successfully complete our management training program at least 45 days before the Opening Date. Any successor or replacement Operating Principal, District Manager, Restaurant Manager, or Owner must successfully complete our applicable training program within a reasonable time after such persons are designated. These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may from time to time require. Training shall be conducted at locations we designate. Initial training for four individuals (which may include your Owners, Operating Principal, District Manager, and Restaurant Managers) is provided at no additional charge; however, we reserve the right to charge our then-current fee for any additional individuals in excess of four that must attend initial training and for training successor or replacement personnel and for any additional training programs. You are responsible for any and all expenses incurred in connection with any initial or additional training, including, without limitation, the costs of travel, lodging, meals, and wages incurred by you, your Owners, and your personnel. If Owner, Operating Principal, District Manager, or Restaurant Manager fails, in our sole judgment, to satisfactorily complete our required training programs, such failure will be a default of this Agreement, and if you fail to cure such default within 90 days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Pizza Cat Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Pizza Cat Restaurants. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you must conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Pizza Cat Restaurants. You further acknowledge that we may modify the System, the Manuals, and the products and services offered at the Restaurant from time to time, and you must comply, at your expense, with all such modifications. Further, we reserve the right to materially vary our standards or franchise agreement terms for any franchisee depending on the circumstances, including but not limited to, timing of the grant of the franchise, trade area/market variables, local business practices, population, or any other condition which we consider important to the operation of Pizza Cat Restaurants. You have no right to require that we disclose to you any variation or to grant the same or a similar variation to you.

C. Maintenance of Restaurant. You must maintain the Restaurant in a high degree of sanitation and repair, and make such additions, alterations, repairs, and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, decor, and equipment (including, but not limited to, point of sale or Computer Systems) as we may reasonably direct. You also must obtain, at your expense, any new or additional equipment, fixtures, supplies, and other products and materials which we may require, and you must offer and sell new services or products from the Restaurant or provide such services or products by any alternative means we require or approve. No alterations, improvements, or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures, or furnishings shall be made in or about the Restaurant without our prior written approval.

D. Upgrade of Restaurant. At our request, you must make improvements to the Restaurant to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section 8.D. on or after the fifth anniversary of the Opening Date, or at such other time during the Term that a majority of the Pizza Cat Restaurants then operated by us or our Affiliates have made or are utilizing reasonable efforts to make such improvements.

E. Sourcing.

(1) You must comply with all of our standards and specifications for the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, Computer Systems, entertainment providers, media outlets, and other products used or offered for sale at the Restaurant. If we have approved or designated suppliers for any such item (including manufacturers, distributors and other sources), you must obtain these items from those suppliers. These specifications may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands. Our approved or designated suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who have adequate quality controls, and who have been approved in writing by us and who have not thereafter been disapproved by us. You acknowledge and agree that (a) we may change the number of approved suppliers at any time or approve or disapprove any suppliers at any time, and may designate ourselves, an Affiliate, or a third party as the exclusive source for any particular item; and (b) we may profit from your purchases from designated or approved suppliers, and we and/or our Affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of your purchases (including, without limitation, for products and services we or our Affiliates provide to you and by suppliers that we designate or approve for some or all of our franchisees). At our discretion, we may refund such amounts to you, contribute such amounts to the Brand Building Fund, or retain such amounts for our own use in our discretion, notwithstanding any designation by the supplier or otherwise. Contribution of any such rebates or credits to the Brand Building Fund shall not reduce your obligation to make the contributions to the Brand Building Fund provided for in this Agreement.

(2) If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we has not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier may be required to pay for the cost of the inspection and of the test (including our administrative expenses). We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria. We will notify you within 60 days of your request as to whether you may purchase products from the proposed supplier. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we

revoke our approval of any supplier, you must promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section 8.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You must operate the Restaurant in full conformity with our methods, standards, and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you will:

(1) Sell or offer for sale all menu items, products, and services we require using the method and manner of distribution we prescribe. Distribution methods may include, but are not limited to, dine-in, carry-out, and catering services and must be expressly authorized by us in writing in the Manuals or otherwise;

(2) Sell and offer for sale only the menu items, products (including, without limitation, liquor, beer, and wine), and services that we have expressly approved for sale in writing; discontinue selling and offering for sale any menu items, products, or services and any method or manner of distribution which we may disapprove in writing at any time;

(3) Maintain in sufficient supply and to use and sell at all times only those food and beverage items, ingredients, products, materials, and supplies that conform to our standards and specifications; prepare all menu items in accordance with our recipes and procedures for preparation, use the brand and/or type of ingredients we require and the prescribed measurements of ingredients; and refrain from deviating from our standards and specifications by using or offering non-conforming items or differing amounts of any items or otherwise, without our prior written consent;

(4) Permit us or our agents, at any reasonable time, to remove samples of food or non-food items from the Restaurant, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) Purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and refrain from installing or permitting to be installed in or about the Restaurant, without our prior written consent, any fixtures, furnishings, equipment, decor items, signs, vending machines gaming devices (if permitted by applicable law and expressly authorized by us), other machines or devices, or other items not previously approved as meeting our standards and specifications;

(6) Grant us and our agents the right to enter the Restaurant at any time to conduct inspections; cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without limiting our other rights under this Agreement), take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies, for the purpose of maintaining brand standards, and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) Employ a sufficient number of competent and trained employees to ensure efficient service to your customers. You must require all your employees to wear at all times while in attendance at the Restaurant clean uniforms conforming to such specifications as to color, design, fabric, etc. as we may designate from time to time, which uniforms shall be furnished at your cost or the employees' cost as you may determine. You must also require all of your employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Manual. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and all of your employment practices must be in accordance with all applicable federal and state laws; and

(8) Keep the Restaurant open and in operation for the days and hours that we may from time to time prescribe.

(9) Accept debit cards, credit cards, Restaurant value cards, or other non-cash systems that we require and participate in our required payment procedures and collection of funds relating thereto. You further agree to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Restaurant to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**"), and all other data security requirements we prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify, and hold us harmless from and against all claims arising out of or related to your violation of the provisions of this Section 8.F.(10).

G. Computer Systems. You must use the Computer System that we specify from time to time for use in the operation of the Restaurant. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use Software Programs developed by us or others. Specifically, but without limiting the generality of the foregoing, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in the Computer System, including information concerning your Restaurant's Gross Sales, at the times and in the manner that we may specify periodically. You acknowledge that we may, during the Term, require you to modify, enhance, and/or replace all or any part of the computer hardware and software comprising the Computer System at your expense. Any such modifications, enhancements, and replacements to the Computer System may require you to incur costs to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the Term. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining Term. Nonetheless, you agree to incur such costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we require. You further acknowledge and agree that you will pay us, our affiliate, or a third party a reasonable fee for any software or systems modifications and enhancements specifically made for us that are licensed to you or for any Software Programs and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints and Crisis Management.

(1) You must process and handle all consumer complaints connected with or relating to the Restaurant and promptly notify us of all food related illnesses, safety or health violations, claims exceeding $1,000, and any other material claims against or losses suffered by you. You must also maintain any communications with governmental authorities affecting the Restaurant during the Term and for one year after the expiration or earlier termination hereof.

(2) Upon the occurrence of a Crisis Management Event, you must immediately inform us by telephone, or as set forth in this Agreement, of such event and cooperate fully with us and with the appropriate authorities with respect to the investigation of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, you must cooperate fully with us with respect to managing statements and other responses to the Crisis Management Event. "**Crisis Management Event**" means any event that occurs at or about the Restaurant premises or in connection with the operation of the franchisee entity that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

I. Internet; Website; Email. You must install and maintain all hardware and software needed to access the Internet at the bit speed we require from time to time. You must not establish or participate in any Website or other listing on the Internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you must not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the Internet, bulletin boards, news groups, or social media) in connection with the Restaurant. If we grant our approval for your use of an Internet website, you acknowledge that the form, content, and appearance of any Internet Website you use must comply with the System standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish or participate in any Website that creates any association with the Marks or the System, or post any advertisements or material on the Internet that depict or display the Marks or suggest an association with the System, without our express prior written consent, which we may withhold in our sole discretion. Without limitation of the foregoing, if we require, any Internet Website created by or for you must contain a hypertext link to our Internet Website in the form we require, and no other hypertext links to third-party Internet Websites unless previously approved in writing by us. Notwithstanding our approval of a Website, we reserve the right to revoke our approval at any time that the Website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the Website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation, or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you will undertake all such actions that we require to disassociate yourself with the domain name. You agree that your violation of any provision set forth in this Section 8.I. will constitute a material default under Section 18.

(3) We may establish an Internet Website that provides information about the System and the products and services offered by Pizza Cat Restaurants. If we establish an Internet Website, we will have sole discretion and control over the Website, including timing, design, contents, and continuation. We may include at the Website interior pages containing information about our franchisees' Pizza Cat Restaurants and may require you to prepare all or a portion of the page for your Restaurant, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Brand Building Fund monies to establish and maintain the Website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by email or similar electronic means. If we develop an Intranet, you will participate in strict compliance with our standards, protocols, and restrictions, including, without limitation, standards, protocols, and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you must pay in accordance with our invoice.

(5) You must not transmit or cause any other party to transmit advertisements or solicitations by email or other electronic media without first obtaining our written consent as to the content of such email advertisements or solicitations as well as our plan for transmitting such advertisements. In addition, you will be solely responsible for compliance with any laws pertaining to sending emails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act of 2003).

J. Business Licenses. You must secure and maintain, at your sole cost, any and all business licenses required for the operation of the Restaurant.

K. Pricing. To the fullest extent permitted by applicable law, we reserve the right to establish maximum, minimum, or other pricing requirements with respect to (i) the prices you may charge for products or services and (ii) the delivery fee that you (or your approved delivery service designee) charges for delivery of any such products or services..

9. ADVERTISING

A. Brand Building Fund and Local Advertising. During each calendar year throughout the Term, you may be required to spend up to 4% of your Restaurant's Gross Sales on advertising ("**Advertising Assessment**"). Currently, you are required to spend 1% of your Restaurant's Gross Sales on local advertising and contribute 2% of your Restaurant's Gross Sales to the Brand Building Fund. Upon written notice to you, we may vary or increase the portion of the Advertising Assessment that you are required to spend for local advertising, Cooperative advertising, or as a Brand Building Fund contribution; provided that in no event will your total required expenditures for advertising exceed the maximum Advertising Assessment specified herein.

B. Local Advertising. The portion of the Advertising Assessment that you spend on local advertising must be spent on advertising for your Restaurant in the local market area, which is the same as the Protected Area. At our request, you will submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area. You may advertise permitted catering activities only in the Protected Area. Expenditures incurred for any of the following may not be included in local advertising expenditures for purposes of this Section 9.B., unless we first approve them in writing:

(1) Incentive programs for your employees or agents, including the cost of honoring any discounts or coupons and salaries and expenses of any of your employees,

(2) Non-media costs incurred in any promotion;

(3) Charitable, political, or other contributions or donations;

(4) Materials consisting of fixtures or equipment to be located in the Restaurant;

(5) The cost of Internet listings and other business listings in such directories and categories as may be specified by us from time to time; and

(6) Grand Opening expenditures incurred pursuant to Section 9.H.

C. Cooperatives. We have the right to designate any geographic area in which two or more company-owned or franchised Pizza Cat Restaurants are located as a region for purposes of establishing an advertising cooperative ("**Cooperative**"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes the Protected Area, you must execute the Cooperative documents promptly upon our request and participate as a member of the Cooperative. Among other things, this means that (i) you must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require, and (ii) you must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that your Cooperative contribution will be applied to satisfy your local advertising requirement under Section 9.B.

D. Brand Building Fund. We have established a brand building fund ("**Fund**"). You must contribute to the Fund the amounts required under Section 9.A., at the time and in the manner that royalty payments are due under Sections 5.B. and 5.E. We or our designee will administer the Fund as follows:

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials, and endorsements, and the geographic, market, and media placement and allocation thereof. You agree that the Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials; administering national, regional, and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion, and marketing agencies; the cost of developing and maintaining an internet website; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion, and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Pizza Cat Restaurants to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an unaudited annual statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. All Pizza Cat Restaurants owned by us and our Affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Pizza Cat Restaurant.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Pizza Cat Restaurants. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Pizza Cat Restaurants, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Pizza Cat Restaurants operating in that geographic area or that any Pizza Cat Restaurant will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. You acknowledge that not all franchisees are or shall be required to contribute, or contribute the same percentage of Gross Sales, to the Fund. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a Website for Pizza Cat Restaurants. Except as expressly provided in this Section 9.D., we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering, the Fund.

(4) Fund contributions that are not spent in the year in which they are collected will be carried over to succeeding years. We reserve the right, upon 30 days prior written notice to you, to defer, reduce, or suspend contributions to (and, if suspended, deferred, or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding 12-month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section 9.A.

E. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs, including, without limitation, social media apps and online ordering, designed to promote all Pizza Cat Restaurants. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas, and advertising agencies. If we do establish these programs, you must participate in them in accordance with the terms and conditions we establish and pay any related fees. The standards and specifications we establish for such programs will be final and binding upon you.

F. Coupons, Certificates, Vouchers and Gift Cards. You will participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention program that we implement, at your expense, for all or part of the franchise system and will sign the forms and take the other action that we require in order for you to participate in such programs. Without limitation, you will honor coupons, gift cards, gift certificates, or vouchers sold or distributed by other Pizza Cat businesses and include the related proceeds in Gross Sales. You will utilize a vendor for gift card processing that we approve. Any coupon offer proposed by you must be approved by us before being extended.

G. Advertising Standards. Any advertising, promotion, and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, must be completely clear and factual and not misleading and must conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you plan to use them. If you do not receive written disapproval within 15 days after our receipt of such materials, we will be deemed to have given the required approval, but we may withdraw our approval at any time. You may not use any advertising or promotional materials that we have disapproved.

H. Grand Opening. Within four to six weeks following the Opening Date, you must carry out a grand opening promotion for the Restaurant in accordance with our standards, including, without limitation, those related to the type and size of the grand opening promotion. You must spend at least $10,000 on the grand opening promotion. We must approve all advertising items, methods, and media you use in connection with such grand opening promotion in accordance with Section 9.G. You must submit one or more expenditure reports to us, accurately reflecting your grand opening expenditures within 70 days after the Opening Date or sooner upon our request. The grand opening promotion requirements set forth in this Section 9.H. shall also apply if, due to the occurrence of an event of Force Majeure or for other reasons not constituting an event of default under this Agreement, you (i) relocate your Restaurant with our consent pursuant to Section 3.G. or (ii) close the Restaurant for 30 days or more with our consent and later re-open the Restaurant at the Franchise Location. No closing or relocation of the Restaurant is permitted without our prior written consent. Amounts paid for any grand opening promotion will not be credited toward any of your other obligations under this Section 9.

I. Internet Listings. You must place and pay the cost of Internet listings on such Websites and in such online directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

10. MARKS

A. Your Right to Use the Marks. We grant you the right to use the Marks during the Term in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You will not contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You must provide us with all assignments, affidavits, documents, information, and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce, and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos, and commercial symbols for the current Marks to use in identifying the System and the Pizza Cat Restaurants operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you will, at your expense, discontinue or modify your use of any of the Marks or use one or more additional or substitute marks.

C. Your Use of the Marks. Further, you will not:

(1) Operate and advertise the Restaurant only under the name "Pizza Cat Restaurant," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, contracts, and employment applications and other employment-related documents and display a notice in such content and form and at such conspicuous locations at the Restaurant or on any vehicle used in the operation of the Restaurant as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You must notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office, or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You must execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

11. CONFIDENTIALITY, NONCOMPETITION, AND NONSOLICITATION COVENANTS

A. Manuals. The Manuals, including but not limited to any electronic or online versions, are our property. We may deny you access to any electronic or online versions of the Manuals, and you must return any copies of the Manuals to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Section 11. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Restaurant and may not at any time copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You must maintain the Manuals in a secure place at the Restaurant. We have the right to add to or modify the Manuals from time to time. You must comply with the terms of all additions and modifications to the Manuals and keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. The entire contents of the Manuals, and our mandatory specifications, procedures, and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Restaurant. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Restaurant during the Term, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Restaurant pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the Term; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Restaurant personnel and others. These covenants shall survive the expiration, termination, or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition and Nonsolicitation Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional, and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) During the Term (or with respect to each of the Owners, for so long as such person satisfies the definition of Owner under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity, or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Pizza Cat Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any Competitive Business which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of Owner under this Agreement) and continuing for two years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Pizza Cat Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist, or make loans to, any Competitive Business which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, or (iii) within a 20-mile radius of the location of any Pizza Cat Restaurant then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 11.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section 11.C. without your or their consent, effective immediately upon notice to you; and you and your Owners must promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section 11.C.

D. Improvements. If you, your employees, or Owners develop any new concept, process, or improvement in the operation or promotion of a Pizza Cat Restaurant ("**Improvement**"), you must promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property, and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners must assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further must execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 11.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Section 11 shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Section 11, without the requirement that we post a bond. You and your Owners must pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Section 11, including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Section 11, or any part of it.

F. Execution of Covenants by Your Owners and Management. You must require and obtain the execution of covenants similar to those set forth in Sections 11.B. and C. from all District Managers, and, at our request, any Restaurant Managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit B; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition and nonsolicitation covenants set forth in Exhibit B or eliminate such noncompetition and nonsolicitation covenants altogether for any person that is required to execute such agreement.

12. BOOKS AND RECORDS

A. Maintenance of Books and Records. You must maintain during the Term, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete, and accurate books, records, and accounts of the Restaurant, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals, and ledgers. You must preserve such books and records for at least five years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you will submit to us, in the form we prescribe from time to time and at your expense:

(1) Within 20 days from the end of each calendar month, the operating statements, financial statements, statistical reports, and other information we request (which may be unaudited), signed by your treasurer, chief financial officer, or comparable officer attesting that it is true, complete and correct.

(2) Within 60 days after the end of the Restaurant's fiscal year, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us and showing the results of your operations during such calendar year.

(3) Not later than five days after filing, copies of your federal income tax returns (including any extension requests) and within five days after the end of each calendar quarter, copies of your state sales tax returns. If the Restaurant is in a state which does not impose a sales tax, you will submit a copy of your state income tax return (including any extension requests) not later than five days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information, and data as we may reasonably designate.

C. Audits. We or our designees have the right at all reasonable times to review, audit, examine, and copy your books and records relating to the Restaurant. If any required payments to us are delinquent, or if an examination or audit should reveal that such payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section 5.D. If an examination or audit discloses an understatement in any report of two percent or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, reasonable accounting and attorneys' fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors, and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to you or the Restaurant which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

13. INSURANCE

A. Insurance Coverage Requirements. Not later than 60 days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors, and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, and employees of each of them against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Restaurant. You must maintain these policies in full force and effect at all times during the Term. The policies shall be written by a responsible carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and otherwise reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, dram shop liability, completed operations, products liability and fire damage coverage, in the amount of $2,000,000 combined single limit per occurrence, $2,000,000 general aggregate.

(2) "All Risks" coverage for the full cost of replacement of the Restaurant premises and all other property in which we may have an interest with no coinsurance clause for the premises.

(3) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $2,000,000 combined single limit.

(4) if we authorize the sale of alcoholic beverages at the Restaurant at any time during the Term, alcoholic beverage/liquor liability insurance, with coverage in amounts not less than $2,000,000 combined single limit.

(5) An "umbrella" policy providing excess coverage with limits of not less than $5,000,000, which must be excess to any alcoholic beverage liability, general liability, employment practices liability, and automobile liability coverage required herein.

(6) Business interruption insurance covering at least 24 months of loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in (1) and (2) above and your royalty and brand building fund contribution, calculated on the basis of the Gross Sales used as the basis for calculation of the business interruption insurance award. Such business interruption insurance shall be written on an all risks form, either as an endorsement to the policies described in (1) and (2) above or on a separate policy.

(7) Worker's compensation insurance in amounts required by applicable law and employment practices liability insurance covering all of your employees.

(8) Such other insurance as may be required by the landlord of the premises at, and by the state or locality in, which the Restaurant is located.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections 13.A(1)-(8) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Restaurant, you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 16. The insurance policies you are required to maintain under this Agreement shall be considered primary and non-contributing with any insurance policies carried by us.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation and employment practices liability, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents, or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and 30 days before the expiration of any policy required under this Agreement, you must deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Section 13; provided, however, that the limits required under this Section 13 are merely the minimum required limits and do not relieve you of your responsibility to ensure that the limits and coverages you maintain are adequate to protect your interests. In addition, if we request, you will deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than 30 days prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

XIV. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. You must promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Restaurant. You are solely liable for the payment of all Taxes, and you must indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest, and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed.

B. Disputed Liability. If there is a *bona fide* dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the Restaurant.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you must promptly pay when due all amounts owed by you to us, our Affiliates, your landlord, and all other suppliers and creditors.

D. Notice of Adverse Orders. You must notify us in writing within five days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Restaurant.

15. TRANSFER

A. By Us. We have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity, and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage, grant any security interest in, or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Restaurant, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Restaurant or this Agreement, or if you or an Owner wish to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its operating principal, district manager, restaurant managers, and any other personnel we require shall complete any training programs then in effect for Pizza Cat Restaurants upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Restaurant to conform to our then-current System image, standards, and specifications;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of your obligations, covenants, and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company, or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a $7,500 transfer fee every time you submit an application for consent to transfer. The transfer fee must be submitted at the time you submit the application for consent to transfer. If, however, our costs and expenses in reviewing and processing the transfer, including attorneys' fees, exceed the applicable transfer fee, then in addition to the transfer fee, you must pay for those additional costs and expenses, including our attorneys' fees. The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur, in which case the transfer fee you paid us for the failed transfer will not be applied to any future attempted transfer;

(10) If the transfer relates to the grant a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section 15.B., except that Sections 15.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section 15.B.(9) shall be limited to our reasonable out-of-pocket costs and expense (including legal and accounting fees and costs). In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Restaurant, or you pursuant to any *bona fide* offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within 30 days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before 60 days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two appraisers. Each party shall select one appraiser, and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section 15.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 15.B. If you do not complete the sale to the proposed buyer within 90 days after we notify you that we do not intend to exercise our right of first refusal, we or our designee will have an additional right of first refusal during the 30-day period following the expiration of the 90-day period on the terms originally offered at our or our designee's option. Failure to comply with this Section 15.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You must promptly notify us of any death or claim of permanent disability subject to this Section 15.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section 15.B. for any *inter vivos* transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person ("Deceased"), the executor, administrator, or other personal representative of the Deceased shall transfer such interest to a third party approved by us within six months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to

the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six months after notice to you. "**Permanent disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within ninety 90 days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 15.E. We will pay the costs of any examination required by this Section 15.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You must give us written notice at least 30 days before the commencement of any offering covered by this Section 15.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance, or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners, and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal, and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Section 15 shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

16. INDEMNIFICATION

You will indemnify, defend, and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assigns ("**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of the Restaurant, your employment relationships with your employees, or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint, or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors, or Affiliates. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential, exemplary, or other), and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their, or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Section 16 shall survive the termination, expiration, or transfer of this Agreement or any interest herein.

17. INDEPENDENT CONTRACTOR

You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arms-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer, or servant of the other for any purpose. During the Term, you must hold yourself out to the public as an independent contractor conducting the operations of the Restaurant pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom. We do not participate in the hiring, promoting, disciplining, or discharging of your employees or in setting or paying wages or benefits to your employees, and you acknowledge that we have no power, responsibility, or liability in respect to the hiring, promoting, disciplining, or discharging of employees or in setting or paying their wages. You must conspicuously identify yourself and the Pizza Cat Restaurant in all dealings with your employees, customers, contractors, suppliers, public officials, and others, as an independent franchisee of Pizza Cat Franchising, LLC, and you must place a conspicuous notice, in the form and at such place as we prescribe, notifying the public of such independent ownership.

18. TERMINATION

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition (or have an involuntary petition filed against you) under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of your Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) Except for authorized catering activities and any relocation approved by us, if you operate the Restaurant or sell any products or services authorized by us at any location other than the Franchise Location;

(2) If you fail to construct the Restaurant in accordance with Section 3;

(3) If you fail to open the Restaurant for business within the period specified in Section 3.F.;

(4) If you at any time cease to operate or otherwise abandon the Restaurant, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Restaurant is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, if you apply within 30 days after such event for our approval to relocate or reconstruct the Restaurant and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Restaurant is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the Restaurant;

(6) If you or any of your Owners is convicted of, or has entered a plea of, guilty or *nolo contendere* to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Restaurant contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section 15.E.;

(8) If, contrary to the terms of Section 11.B., you or any of your Owners disclose or divulge any Confidential Information;

(9) If you knowingly maintain false books or records, or submit any false reports to us;

(10) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Section 7, or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(11) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program);

(12) If you or any of your Owners repeatedly commit an event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(13) If your assets, property, or interests are "blocked" under any law, ordinance, or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance, or regulation; or

(14) If you or any of your Affiliates are in default of any other franchise agreement with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections 18.A. and 18.B., upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination, stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require (“**cure period**”). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section 13 and fail to cure such default within seven days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within 24 hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section 11.F. within 10 days after we request and fail to cure such default within 30 days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect promptly to pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions against competition or solicitation set forth in Section 11.C. and fail to cure such default within 10 days following notice from us;

(6) If you fail to maintain or observe any of the standards, specifications, or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within 30 days following notice from us;

(7) If you fail to secure the required liquor license(s) by the date the Restaurant is otherwise ready (and/or required) to open for business and fail to cure such default within 10 days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement or fail to carry out the terms of this Agreement in good faith and fail to cure such default within 30 days following notice from us.

19. POST-TERMINATION

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the Restaurant under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms, and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name, or equivalent registration which contains the mark “PIZZA CAT” or any other Mark, and furnish us with satisfactory evidence of compliance within five days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy, or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs, and expenses, including reasonable attorneys’ fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section 19, which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Restaurant in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of

any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Section 11 and cause any other person required to execute similar covenants pursuant to Section 11 also to comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Restaurant or at any other location under your control. We have the right to inspect these materials and the option, exercisable within 30 days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the Restaurant and any related Internet listings or other business listings and execute all forms and documents required by us to transfer such service and numbers to us. You must use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you must make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Restaurant from that of other Pizza Cat Restaurants, and, if you fail or refuse to do so, we have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we have the following options:

(1) The option, exercisable by giving written notice to you within 60 days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and any or all of the assets of the Restaurant from you (subject to any rights of approval retained by the owner of the leasehold). We may determine in our sole discretion which assets we wish to purchase on a case-by-case basis. You acknowledge and agree that regardless of whether we elect to assume your interests in a lease or sublease pursuant to Section 19.B.(2), we shall have no obligation to pay you any amount for leasehold improvements made by you to the premises of the Restaurant. You also acknowledge and agree that we shall have no obligation under any circumstances to reimburse or otherwise compensate you for any customer information, goodwill, business start-up costs, or other losses during start-up. The date on which we notify you whether or not we are exercising our option is referred to as the "**Notification Date**." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release.

(2) The option, separate and apart from our option in Section 19.B.(1), exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you or your Affiliate own the Franchise Location, to enter into a lease agreement with you or your Affiliate. If we exercise our option, you or your Affiliate will assign your or their leasehold interest to us; or if you or your Affiliate own the Franchise Location, lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Restaurant is located. You acknowledge and agree that we shall have no obligation under any circumstances to reimburse or otherwise compensate you in connection with any such lease assignment, including, without limitation, no obligation to reimburse or otherwise compensate you for any leasehold improvement costs or expenses or other costs or expenses incurred by you in connection with the premises of the Restaurant. You also acknowledge and agree that we shall have no obligation under any circumstances to reimburse or otherwise compensate you for any customer information, goodwill, business start-up costs, or other losses during start-up.

(3) If we exercise our option under subsection (1) to purchase the assets of the Restaurant from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Restaurant, will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials, and supplies that are not necessary or appropriate (in function or quality) to the Restaurant's operation or that we have not approved as meeting the standards for Pizza Cat Restaurants, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Restaurant's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three independent appraisers who collectively will conduct one appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we will select our respective appraisers within 15 days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within 15 days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three appraisers to complete their appraisal within 30 days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you must deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Restaurant which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Restaurant, you and your Owners will execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors, and assigns.

(6) We may assign our options under this Section 19.B. to any person or entity without your consent.

20. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us: Pizza Cat Franchising, LLC
1938 Franklin Street., Suite 206
Detroit, MI 48207
Attention: Matt Wojtowicz
Telephone: (313) 457-9050

Notices to you and
your Owners: ____
____
____
____
Attention:________________________________
Telephone:_______________________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty, or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice, or suggestion given to you, and no neglect, delay, or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. An affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section 18.B.(4), you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event, and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Section 16. Except as provided in Section 18.B.(4) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

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

F. MEDIATION. WE AND YOU ACKNOWLEDGE THAT DURING THE TERM CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE WILL SUBMIT ANY CLAIM, CONTROVERSY, OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES, AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES, AND/OR EMPLOYEES)

ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY, OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN 15 DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO DETROIT, MICHIGAN. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES AND TRAVEL COSTS INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY, OR DISPUTE WITHIN 90 DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO <u>SECTION 20.G</u>. WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS <u>SECTION 20.F.</u>, YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES, OR CLAIMS RELATED TO OR BASED ON PAST DUE PAYMENTS YOU OWE US, THE MARKS, OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF IN A COURT OF COMPETENT JURISDICTION.

G. <u>LITIGATION</u>. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES, OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN <u>SECTION 20.F.</u>, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF WAYNE COUNTY, MICHIGAN AND THE FEDERAL DISTRICT COURT FOR THE EASTERN DISTRICT OF MICHIGAN AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY SUCH PARTY IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MICHIGAN OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE WAYNE COUNTY, MICHIGAN.

H. <u>GOVERNING LAW</u>. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER MICHIGAN LAW (EXCEPT FOR MICHIGAN CONFLICT OF LAW RULES).

I. <u>PARTIES' ACKNOWLEDGMENTS</u>. YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH

ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

J. WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO SECTION 16 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

K. LIMITATIONS OF CLAIM. EXCEPT FOR CLAIMS ARISING FROM YOUR NON PAYMENT OR UNDERPAYMENT OF AMOUNTS OWED TO US PURSUANT TO THIS AGREEMENT AND CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 16, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO YEARS FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

L. JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

M. Costs And Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you must reimburse us for any of the costs and expenses which we incur, including, without limitation, accounting, attorneys', arbitrators', and related fees.

N. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns, and successors in interest.

O. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing. Notwithstanding the foregoing, no such changes in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished you.

P. Consents And Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

Q. Owners. If two or more persons are at any time the "franchisee" under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us are joint and several.

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

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

T. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration, or transfer. Without limitation of the foregoing, the provisions of Sections 20.F., G., and H. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

U. Gender. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable.

V. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure, or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of our rights pursuant to Section 18 shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

W. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section 15), any rights or remedies under or as a result of this Agreement.

X. Further Assurances. You and we will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Y. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

Z. Entire Agreement. This Agreement, the documents referred to herein, and the preambles, exhibits, and attachments hereto constitute the entire, full, and complete agreement between us, you, and your Owners concerning the subject matter hereof and will supersede all prior related agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished you.

[Signatures Appear on Following Page]

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

FRANCHISOR:

Pizza Cat Franchising, LLC
a Michigan limited liability company

By:____
Name:____
Title:____

FRANCHISEE:

____

By:____
Name:____
Title: ____

EXHIBIT A

OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement ("**Guaranty**") is given this _______ day of 20__, by the undersigned in connection with the Franchise Agreement dated _______________, 20__ between Pizza Cat Franchising, LLC ("**Franchisor**") and __________________ ("**Franchisee**").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, "**Guarantor**" and collectively, **"Guarantors**") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, brand building fund contributions, and purchases of equipment, materials, and supplies.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person. This Guaranty is a guaranty of payment, not of collection; and

(iv) such liability will not be diminished, relieved, or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit, or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

(v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Sections 7, 11, 15, 16, and 19 and Sections 20.F. through M. (which include, among other things, the mediation of disputes). THESE INCLUDE A NUMBER OF PROVISIONS THAT MAY AFFECT THE LEGAL RIGHTS OF THE UNDERSIGNED, INCLUDING A WAIVER OF JURY TRIAL, WAIVER OF PUNITIVE OR EXEMPLARY DAMAGES, AND LIMITATIONS ON WHEN CLAIMS MAY BE RAISED.

If Franchisor is required to enforce this Guaranty in an administrative, judicial, or arbitration proceeding, if Franchisor prevails, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial, or arbitration proceeding, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

GUARANTORS

____
Name: ________________________

____
Name: ________________________

____
Name: ________________________

____
Name: ________________________

EXHIBIT B

CONFIDENTIALITY AND NONCOMPETITION / NONSOLICITATION AGREEMENT

This Agreement is made and entered into this ____ day of ________________, 20__, between ____________________ ("**Franchisee**") and ______________________ ("**Covenantor**" or "**you**") in connection with a franchise agreement between Pizza Cat Franchising, LLC ("**Franchisor**") and Franchisee dated _________, 20__ ("**Franchise Agreement**"). Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Pizza Cat Restaurants.

The System is identified by certain Marks including, the mark "Pizza Cat" and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Franchisee the limited right to operate Pizza Cat Restaurant pursuant to the Franchise Agreement.

You are employed by or associated with Franchisee, and it will be necessary for you to have access to some or all of the Confidential Information.

Franchisor and Franchisee have agreed on the importance of restricting the use, access, and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises, and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

AGREEMENT

Confidentiality Agreement

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of Pizza Cat Restaurants under the Franchise Agreement.

2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee's other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the Restaurant.

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that Franchisee is provided with access to Manuals for limited purposes only and remain Franchisor's property. You agree that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of one year following the earlier of (i) the termination thereof, or (ii) the termination, expiration, or transfer of Franchisee's interest in the Franchise Agreement, you will not, without Franchisor's prior written consent or as permitted under other valid Franchise Agreements for Pizza Cat Restaurants between Franchisee or its Affiliates and Franchisor:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of Pizza Cat Restaurants to any competitor;

b. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, Competitive Business which is, or is intended to be, located (i) at the Franchise Location, or (ii) within the Protected Area, or (iii) within a 20-mile radius of the Franchise Location; and or (iv) within a 20-mile radius of any Pizza Cat Restaurant then in existence or under construction

c. The time periods relating to the obligations set forth in this Agreement will be tolled during any period of noncompliance.

Franchisee's Undertaking

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

Miscellaneous

1. You agree that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill of the System or Franchisor's other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor and Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, you agree that Franchisor and/or the Franchisee shall be entitled, in addition to any other remedies which Franchisor or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and/or Franchisee in enforcing this Agreement.

3. Any failure by Franchisor or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN, WITHOUT REFERENCE TO MICHIGAN CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMITS YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MICHIGAN OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

5. YOU AND FRANCHISEE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE RELATIONSHIP CREATED BY THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Pizza Cat Franchising, LLC
1938 Franklin Street., Suite 206
Detroit, MI 48207
Attention: Matt Wojtowicz
Telephone: (313) 457-9050

If directed to Franchisee, the notice shall be addressed to:

____
____
____
Attention:__________________________

If directed to Covenantor, the notice shall be addressed to:

____
____
____
Attention:__________________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns are third-party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement. Franchisor's rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of Franchisor's Affiliates, successors, and assigns. Your obligations and those of the Franchisee may not be assigned without Franchisor's prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:	**COVENANTOR:**
By: ____________________________________	______________________________________
[Name], [Title]	[Name], an Individual

EXHIBIT C

SELECTED TERMS:
DESIGNATED AREA, FRANCHISE LOCATION,
PROTECTED AREA, AND OPENING DATE

1. DESIGNATED AREA:

   The Designated Area is: ____

2. FRANCHISE LOCATION:

   The Restaurant will be located at the following address: __________________________________

3. PROTECTED AREA:

   The Protected Area is: The geographic area within a __________ mile radius around the Franchise Location.

4. OPENING DATE: The Opening Date of the Restaurant is _____________, 20__.

EXHIBIT D

OWNERSHIP AND MANAGEMENT INFORMATION

1. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in you and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Operating Principal is: ____

3. Your District Manager (if applicable) is: _________________________________

4. Your Restaurant Managers are:

____

____

____

EXHIBIT E

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

Pizza Cat Franchising, LLC/**PAYEE**

BANK NAME	ACCOUNT #	ABA#	FEIN
___________________________	_____________	_____________	_____________

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

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

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

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

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

Name of Depository: ____

Name of Depositor: ____

Designated Bank Acct.: ____
(Please attach one voided check for the above account.)

Restaurant Location: ____

Restaurant #:____

For information call: ____

Address: ____

Phone #: ____

Fax #: ____

____

Name of you/Depositor (please print)

By: ____

Signature and Title of Authorized Representative

Date: ____

EXHIBIT F

LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of Pizza Cat Franchising, LLC, a Michigan limited liability company ("**we**," "**us**," or "**our**"), and that the Pizza Cat Restaurant located at the Premises ("**Unit**") is operated under the Pizza Cat Restaurant franchise system, pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and us. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of the Pizza Cat Restaurant system as we may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to us copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give us written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give us further written notice of such failure ("**Franchisor Notice**"). Following our receipt of Franchisor Notice, we shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within 15 days following our receipt of Franchisor Notice. Any cure by us shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If we cure Tenant's default, or if we notify Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of our notice thereof), Landlord agrees, upon our written request, to assign to us any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with us in order to pursue such action to a conclusion.

(d) If we cure Tenant's default or notify Landlord of the termination of the Franchise Agreement, we shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by us; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and we shall enter into an agreement to document such assumption. We are not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, us as herein provided.

(e) If, during the six-month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), we shall notify Landlord that the franchise for the Unit is being granted to another Pizza Cat Restaurant franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, we shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of us, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without our prior written consent.

(g) We shall have the right to enter the Premises to make any modification or alteration necessary to protect the Pizza Cat Restaurant system and marks or to cure any default under the Franchise

Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by us. Tenant hereby releases, acquits, and discharges us and Landlord and our and Landlord's respective subsidiaries, Affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of our rights pursuant to the Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, our mailing address shall be 1938 Franklin St., Suite 206, Detroit, MI 48207, Attention: Matt Wojtowicz which address may be changed by written notice to Landlord in the manner provided in the Lease.

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Pizza Cat Franchising, LLC Franchise Agreement between _________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us"); dated ____________, 20__ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

b. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
<u>FOR THE STATE OF ILLINOIS</u>

The Pizza Cat Franchising, LLC Franchise Agreement between _______________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC (the "Franchisor" or "us") dated ________________, 20__ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

<u>ILLINOIS LAW MODIFICATIONS</u>

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois law governs the Franchise Agreement.

b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

c. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

d. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures Appear on Following Page]

IN IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
<u>FOR THE STATE OF MARYLAND</u>

The Pizza Cat Franchising, LLC Franchise Agreement between _________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ____________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

<u>MARYLAND LAW MODIFICATIONS</u>

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. Any acknowledgments or representations of the Franchisee made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.

c. A Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Franchisee for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Pizza Cat Franchising, LLC Franchise Agreement between _______________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ________________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the franchise disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. To the extent required by Minnesota law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury tria

4. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

5. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Pizza Cat Franchising, LLC Franchise Agreement between _________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ________________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on ___________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:______________________________________

Title:_______________________________________

FRANCHISEE:

____

By: ____

Name:______________________________________

Title:_______________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
<u>FOR THE STATE OF NORTH DAKOTA</u>

The Pizza Cat Franchising, LLC Franchise Agreement between ________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ___________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

<u>NORTH DAKOTA LAW MODIFICATIONS</u>

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such

provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Pizza Cat Franchising, LLC Franchise Agreement between _________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ____________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. §§ 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

   b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

   c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:____________________________________

Title:_____________________________________

FRANCHISEE:

____

By: ____

Name:____________________________________

Title:_____________________________________

AMENDMENT TO PIZZA CAT FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Pizza Cat Franchising, LLC Franchise Agreement between _________________ ("Franchisee" or "you") and Pizza Cat Franchising, LLC ("Franchisor" or "us") dated ____________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

b. RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

3. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting

or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on __________________, 20___.

FRANCHISOR:

Pizza Cat Franchising, LLC,
a Michigan limited liability company

By: ____

Name:_____________________________________

Title:______________________________________

FRANCHISEE:

____

By: ____

Name:_____________________________________

Title:______________________________________

EXHIBIT C

LIST OF FRANCHISED RESTAURANTS
AS OF DECEMBER 31, 2020

None.

EXHIBIT D

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2020

None.

EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT F

FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

[Current Form for Transfers and Renewals]

1. **Release of Claims**. Franchisee and its Owners and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, "**Franchisee Related Parties**") irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively, "**Releasees**"), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent ("**Claim**" or "**Claims**"), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Franchise Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as the Franchise Agreement).

2. **Unknown Claims**.

(a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.

(b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

(c) If Franchisee or any Franchisee Related Party is domiciled or has his or her principal place of business in the State of California, then Franchisee or such Franchisee Related Party hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1 of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. **Full and Independent Knowledge**. Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.

6. **Compromise**. Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. **General Provisions**.

(a) Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

(c) Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

(d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

(e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

(f) Complete Defense. Franchisee acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1 of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:
Pizza Cat Franchising, LLC
a Michigan limited liability company

By: ____
Name:____
Title:____

Date:____

FRANCHISEE:

____

By:____
Name: __________________________________
Title: __________________________________

Date:____

[Add signature blocks for any additional parties identified pursuant to Section 1]

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ATTACHMENT A

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
866-275-2677

CONNECTICUT

Cynthia Antanaitis
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

FLORIDA

Florida Department of Agriculture &
Consumer Services
Attn: Finance & Accounting
407 South Calhoun Street
Tallahassee, Florida 32399-0800

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

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

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
Commerce Court
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68509

NEW YORK

Assistant Attorney General
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8222

NORTH CAROLINA

Secretary of State of North Carolina
300 North Salisbury Street
Raleigh, North Carolina 27603

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

ATTACHMENT B

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Commissioner of Financial Protection
and Innovation
Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CONNECTICUT

Banking Commissioner of State of
Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
G. Mennen Williams Building, 6th Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

ATTACHMENT C

STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq*., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq*. To the extent that the disclosure document or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or identified in Item 2 of the 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.

B. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

4. You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Corporations Code 31512 provides that: “Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or

any rule or order hereunder is void." The franchise agreement requires a shortened status of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

6. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. 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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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. Section 482E-(3), Hawaii Revised Statutes, provides that franchisee may be entitled to certain compensation upon termination or refusal to renew the franchise. To the extent such Section is applicable, the franchisee shall have an interest in the franchise upon termination or refusal to renew as specified therein.

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
<u>FOR THE STATE OF ILLINOIS</u>

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, arbitration may take place outside of Illinois.

3. Your rights upon termination and non-renewal of a franchise agreement (or are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
<u>FOR THE STATE OF MARYLAND</u>

1. Item 17.v. of the disclosure document, the Summary columns for "Choice of Forum," are amended as follows:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held in Detroit, Michigan. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county, or judicial district where our principal place of business is located, unless otherwise brought by us.

2. Item 17.c. of the disclosure document, "Requirements for you to renew or extend" (Franchise Agreement chart) and <u>Item 17.m</u>. "Conditions for our approval of transfer" (Franchise Agreement chart), are amended by the addition of the following:

> The Code of Maryland Regulations (COMAR 02.02.08.16L.) states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment, or transfer of the Franchise Agreement.

3. Item 17 of the disclosure document is amended by adding the following note at the end of the Item:

> Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the disclosure document is amended by adding the following as the last paragraph:

> A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
<u>FOR THE STATE OF MINNESOTA</u>

1. Item 13 of the disclosure document is supplemented by the following language:

   We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the marks to the extent required by Minnesota law.

2. Item 17 of the disclosure document is supplemented by the following language:

   Under Minnesota law, and except in certain specified cases, we must give you 90 days notice of termination with 60 days to cure. We also must give you at least 180 days' notice of our intention not to renew a franchise and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with Minnesota law, Minnesota law will control.

   To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with Minnesota franchise law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of Minnesota franchise law.

3. To the extent you are required to execute a general release in our favor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

4. Sec. 80C.17, Sudb. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

5. Sec. 80C.21 of the Minnesota Franchises Act and Minn. Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. All sections of the disclosure document referencing Franchisor's <u>right to obtain</u> injunctive relief are hereby amended to refer to Franchisor's right to <u>seek to obtain</u>.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
<u>OR THE STATE OF NEW YORK</u>**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21^{ST} FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, “Litigation” is hereby deleted in its entirety and is replaced by the following:

(a) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action alleging a felony, a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations, or misdemeanor allegations.

(b) No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(c) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded <u>nolo</u> <u>contendere</u> to a felony charge or, within the 10-year period immediately preceding the date of this Disclosure Document, has been convicted of or pleaded <u>nolo</u> <u>contendere</u> 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, misappropriation of property, unfair or deceptive practices, misappropriation of property, or comparable allegations.

(d) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, 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.”

Item 4, “Bankruptcy” is hereby deleted in its entirety and is replaced by the following:

> Neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; 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 such officer or general partner of Pizza Cat Franchising, LLC, held this position with the company or partnership.

Item 5, “Initial Fees” is hereby supplemented by the addition of the following:

> The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, “Renewal, Termination, Transfer and Dispute Resolution” is amended in the franchise and agreement table as follows:

(a) By adding the following in the “Summary” column opposite category c., “Requirements for franchisee to renew or extend” and category m., entitled “Conditions for franchisor approval of transfer”:

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied

(b) By adding the following in the “Summary” column opposite category d., “Termination by you”:

> To the extent allowed by the New York General Business Law, you may terminate the Agreement on any grounds available by law.

(c) By adding the following in the “Summary” column opposite category v., “Choice of forum” and w., “Choice of law”:

> The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

FRANCHISE DISCLOSURE DOCUMENT
ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FOR THE STATE OF NORTH DAKOTA

1. The "Summary" sections of Items 17(c) and 17(m) of the Disclosure Document are amended by adding the following:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The "Summary" section of Item 17(r) of the Disclosure Document is amended by adding the following:

> Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

3. The "Summary" section of Item 17(v) of the Disclosure Document is amended by adding the following:

> To the extent required by the North Dakota Franchise Investment Law, but subject to your arbitration obligations, you may bring an action in North Dakota.

4. The "Summary" section of Item 17(w) of the Disclosure Document is amended by adding the following:

> Except for federal law, North Dakota law applies.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PIZZA CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
<u>FOR THE STATE OF WASHINGTON</u>

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met

ATTACHMENT D

STATE EFFECTIVE DATES

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	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

New York Insert

(To be inserted immediately before the Acknowledgment of Receipt)

This Franchise Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

ITEM 23
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 Pizza Cat Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Pizza Cat Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and any applicable state agency (as listed in Attachment A to this disclosure document).

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Matt Wojtowicz	1938 Franklin Street., Suite 206, Detroit, MI 48207	(313) 457-9050

Issuance Date: May 5, 2021

I received a disclosure document dated May 5, 2021. (See the state effective date summary page for state effective dates.) The disclosure document included the following Exhibits and Attachments:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement, including attachments and state-specific addenda
Exhibit C	List of Franchised Restaurants
Exhibit D	Franchisees Who Left the System
Exhibit E	Manual Table of Contents
Exhibit F	Form of General Release
Attachment A	List of State Administrators
Attachment B	Agents for Service of Process
Attachment C	State-Specific Addenda to Franchise Disclosure Document
Attachment D	State Effective Dates

Dated:________________________

____
Individually and as an Officer

____
Printed Name

of____
(a____Corporation)
(a____Partnership)
(a____Limited Liability Company)

[Keep this page for your records.]

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Dated:_______________________

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Individually and as an Officer

____
Printed Name

of____
(a____Corporation)
(a____Partnership)
(a____Limited Liability Company)

[Sign and return this page to us.]