**FRANCHISE DISCLOSURE DOCUMENT**

**PIZZA STUDIO FRANCHISE COMPANY LLC**
**A DELAWARE LIMITED LIABILITY COMPANY**
**~~26010 Mureau Road, Suite 140~~**
**~~Calabasas, CA 91302~~**
**978 BLUE MOUNTAIN CIRCLE**
**WESTLAKE VILLAGE, CALIFORNIA 91362**
**1-818-224-5250**
**www pizzastudio com**
**franchise@pizzastudio.com**

We offer two franchise programs

1 A single Pizza Studio business that features the sale of artisan style pizzas and salads and other authorized foods, Italian ice, beverages, goods and services The total investment necessary to begin operation of a single Pizza Studio franchise ranges from $215,500 to $683,500, excluding land This includes the initial franchise fee of $25,000 if you are developing your restaurant pursuant to an area development agreement or $40,000 if you are developing a single restaurant not pursuant to an Area Development Agreement, that must be paid to the franchisor or its affiliates

2 An Area Development Agreement where you will develop two or more Pizza Studio businesses within a defined area The total investment necessary to begin operation of a Pizza Studio area development business is $15,000 multiplied by the number of restaurants that you must open You will also incur investment costs listed above for the development of a single Pizza Studio business

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 disclosure in different formats, contact Ron Biskin at ~~26010 Mureau Road, Suite 140, Calabasas, CA 91302,~~978 Blue Mountain Circle, Westlake Village, California 91362, 1-818-224-5250

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 an attorney or an accountant

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

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

Issuance date ~~March 25, 2016~~May 11, 2017

**STATE COVER PAGE**

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

Call the state administrators listed in Exhibit F for information about the franchisor, about other franchisors, or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN CALIFORNIA OUT-OF-STATE LITIGATION OF MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES, IT MAY ALSO COST MORE TO SUE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

2 THE AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

This Franchise Disclosure Document is registered or on file in the following states having franchise registration and disclosure laws, with the following effective dates

| State | Effective Date | State | Effective Date |
|---|---|---|---|
| California | ~~March 29, 2016~~ | New York | |
| Hawaii | Not Registered | North Dakota | Not Registered |
| Illinois | ~~March 29 2016~~ | Rhode Island | ~~March 29 2016~~ |
| Indiana | ~~May 6 2016~~ | South Dakota | Not Registered |
| Maryland | ~~April 11 2016~~ | Virginia | ~~March 30 2016~~ |
| Michigan | ~~March 25, 2016~~ | Washington | ~~April 6 2016~~ |
| Minnesota | ~~March 30 2016~~ | Wisconsin | ~~March 30 2016~~ |

In all the other states, the effective date of this disclosure document is the issuance date of ~~March 25, 2016~~ May 11, 2017.

**The State of Michigan requires us to include the following notice in the Disclosure Document**

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 offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general "

Any questions regarding this notice should be directed to the Consumer Protection Division, G Mennen Williams Building, 1st Floor Lansing, Michigan 48913, Telephone (517) 373-7117

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## ITEM 1
### The Franchisor and any Parents Predecessors and Affiliates

To simplify the language in this disclosure document "**we**", "**us**" or "**PS**" means Pizza Studio Franchise Company, LLC, the franchisor "**You**" means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise If the franchisee will operate through a corporation, partnership, limited liability company or other entity, "you" also includes the franchisee's owners or partners

We are a Delaware limited liability company formed on June 18, 2012 Our principal business address is ~~26010 Mureau Road, Suite 140, Calabasas, CA 91302~~ 978 Blue Mountain Circle, Westlake Village, California 91362. We conduct business under the name of our limited liability company We began franchising in 2013 We franchise businesses that operate fast casual restaurants that feature the sale of artisan style pizzas and salads and other authorized foods, Italian ice, beverages, goods and services (each a "**Pizza Studio Business**" and multiple businesses being "**Pizza Studio Businesses**") We do not operate Pizza Studio Businesses and other than offering, selling and supporting Pizza Studio Businesses, we do not engage in any other business activities We have not previously engaged in any other line of business, offered franchises for Pizza Studio Businesses, or offered franchises in any other line of business Our agents for service of process and their addresses are attached as Exhibit F

Our parent is Pizza Studio Holding Company, LLC ("**Parent**") Its principal business address is the same as ours We have no affiliates (including Parent) that offer franchises in any line of business or provide products or services to our franchisees We have several affiliates, PS Development Company I, LLC ("**PSDC I**"), PS Development Company II, LLC ("**PSDC II**"), PS Development Company III ("**PSDC III**"), LLC, PS Development Company V, LLC ("**PSDC V**"), PS Development Company VI, LLC ("**PSDC VI**"), Pizza Studio Growth Partners 1, LLC ("**PSGP 1**"), and Pizza Studio Growth Partners 2, LLC ("**PSGP 2**" and together with PSDC 1, PSDC II, PSDC III, PSDC V, PSDC VI and PSGP 1, the "**PS Affiliates**") which operate Pizza Studio Businesses The PS Affiliates do not provide you with products or services Our affiliates (including the PS Affiliates and Parent) have the same principal business address as us We may provide training to you at one of the Pizza Studio Businesses operated by our affiliates, including the PS Affiliates We have no predecessors Except as described in this Item 1, we have no affiliates As of the date of this disclosure document, Parent operates ~~six~~seven Pizza Studio Businesses through the PS Affiliates

We offer two separate franchise programs by this disclosure document, though we may not necessarily allow you the opportunity to purchase under each of these programs

Franchise Program You will sign a Franchise Agreement (Exhibit A), to operate a single Pizza Studio Business at a location which you choose and which we approve

Area Development Program If you participate in our Area Development Program, we assign a defined area within which you must develop and operate a specified number of Pizza Studio Businesses within a specified period of time The development area may be one city, one or more counties, one or more states, or some other defined geographic area You will sign an Area Development Agreement (Exhibit B) which will describe your development area and your development schedule and other obligations For each Pizza Studio Business you open pursuant to the Area Development Agreement, promptly after our approval of the site for your Pizza Studio Business, you will sign a separate Franchise Agreement on the then current form used by us at the time, which may be different from the form of Franchise Agreement attached to this Franchise Disclosure Document, except to the extent otherwise provided in your Area Development Agreement

A Pizza Studio Business operates according to our system ("**System**"), which includes, without limitation, standards, policies and procedures for establishing and operating Pizza Studio Businesses The System and its components may be changed, improved and further developed by us from time to time We identify the System by means of the "Pizza Studio" name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, "**Marks**") that we have designated, or may in the future designate, for use with the System

We believe that the market for fast-casual restaurant services is mature and consists of the general public You will compete with other restaurants, including fast-casual restaurants that serve pizza, cafes, nationwide chains and other food vendors As with all retail food service businesses, your choice of location is critical to your success, no matter how good the concept The typical Pizza Studio Business will contain approximately 1,500 to 2,000 square feet and have seating for 50 to 75 persons Pizza Studio Business will most likely be located in densely populated areas, business districts, suburban areas, and lifestyle centers Pizza Studio Businesses concentrate on dine-in customers Pizza Studio Businesses may in the future expand focus to carry-out and delivery customers Presently, we do not allow franchisees to offer catering services Pizza Studio Businesses will be open year round, closing only on selected holidays We do not believe that Pizza Studio Businesses are by their nature seasonal businesses, though your location may result in seasonality of sales

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Pizza Studio Business, and may include those which (a) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of your business premises, (b) set standards pertaining to employee health and safety, (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants, employee practices concerning the storage, handling, cooking, and preparation of food, restrictions on smoking restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin, availability of and requirements for public accommodations, including restrooms, (d) requirements for fire safety and general emergency preparedness, (e) govern the use of vending machines, (f) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials, (g) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as "low calorie" or "fat free," (h) establish requirements for the disclosure of caloric and other nutritional information for food items you will offer and sell, (i) regulate the size of available menu items and/or ingredients (e g salt), (j) regulate the type and size of food and beverage containers, and (k) establish requirements concerning withholdings and employee reporting of taxes on tips You also must comply with all business licensing and other regulations applicable to your Pizza Studio Business It is your responsibility, on a continuous basis, to investigate and comply with all local, county, state and federal laws as they vary from locale to locale and they change from time to time

## ITEM 2
## Franchisor Business Experience

Manager. Pizza Studio Holding Company LLC

We are managed by our Parent, Pizza Studio Holding Company LLC, located in ~~Calabasas~~Westlake Village, California Parent has managed us since our formation

~~Co-~~Chief Executive Officer. Ronald Biskin

Mr Biskin ~~is~~has been our Chief Executive Officer since March, 2017. Prior to that from December, 2012 until March, 2017 he was our Co-Chief Executive Officer~~ and has held that position since December 17, 2012~~. Mr Biskin is also a Manager of Parent in Los Angeles, California and has held that position since December 17, 2012 From June 2009 to December 2012, he was the President of Native Foods Cafe', a restaurant company in Chicago, Illinois, and served on its Board of Directors From January 2006 until June, 2009, Mr Biskin was the President of Wolfgang Puck Restaurants, a restaurant company in Beverly Hills, California

~~Co-Chief Executive Officer~~Chairman of the Board. Samit Varma

Mr Varma~~ is our~~ has been the Chairman of the Board of Parent since March, 2017. Mr. Varma was our Parent's Co-Chief Executive Officer ~~and has held that position since June, 2012~~ from June, 2012 until March, 2017. Mr Varma is also a Manager of Parent in ~~Los Angeles~~Westlake Village, California and has held that position since June, 2012 Mr. Varma has also been a Managing Member of Troy Capital Partners, located in Santa Monica, California, since 2016. Since March 2008, Mr Varma has also been a venture partner at Anthem Venture Partners, a Private Venture Capital firm in Santa Monica, California Mr Varma was also a member of the Board of Directors of Audyssey Laboratories, Inc , located in Los Angeles, California, from January, 2010 until 2013, and a member of the Board of Directors of JanRain, Inc , located in Portland, Oregon, since August, 2008

~~Chief Financial Officer John Theuer~~

~~Mr Theuer has been our Chief Financial Officer since June 1, 2015 Mr Theuer was a self-employed independent consultant for Porto's Bakery, LLC located in Burbank, CA from March to May 2015 and with Susie Cakes, Inc located in Santa Monica CA from October 2014 to January 2015 From January 2012 until January 2014, Mr Theuer served as International Coffee & Tea, LLC's Chief Financial Officer Prior to joining International Coffee & Tea, LLC, he was Chief Financial Officer (and previously V P Finance and Controller) of Panda Restaurant Group, Inc a restaurant company in located in Rosemead, California since March 14, 1994~~

Controller Steve Wilson

Mr Wilson is our Controller and has held that position since January 2014 Mr Wilson is also the Controller of Parent and PS Affiliate and has been so since becoming our controller From October, 2010 until Mr Wilson joined us he was an accounting manager for Transcontinental Corporation located in Santa Barbara, California From April, 2008 to October 2010, Mr Wilson was an assistant controller for SBE Entertainment located in Los Angeles, California

## ITEM 3
## Litigation

Concluded matters.

Justine Whitney vs. Ronald Biskin, Samit Varma, Pizza Studio Franchise Company, LLC and Pizza Studio Operating Company, LLC (Los Angeles County Superior Court Case No BC500312) On February 1, 2013, Plaintiff Justine Whitney ("Plaintiff") filed a complaint in Los Angeles County Superior Court alleging Breach of Written Contracts, Promissory Estoppel, Intentional Misrepresentation (Fraud), and Unfair Competition and sought damages of $41,500 This matter was settled in September 2013 and we obtained a full release of claims in exchange for a payment of $25,000

Other than this one matter, there is no litigation that is required to be disclosed in this Item

## ITEM 4
## Bankruptcy

There is no bankruptcy that is required to be disclosed in this Item

## ITEM 5
## Initial Fees

Area Development Agreement

When you sign our Area Development Agreement, under which you will develop two or more Pizza Studio businesses within a defined area, you must pay us a development fee equal to $15,000 multiplied by the number of Pizza Studio Businesses that you must open One-half of the total development fee is payable in a lump-sum when you sign your Area Development Agreement and the remaining balance is paid in installments of $7,500 when you sign each franchise agreement The development fee is fully earned by us when paid, is uniform for franchises currently being offered in this state and is not refundable under any circumstances

Franchise Agreement

You must pay an initial fee of $25,000 if the franchise agreement is signed pursuant to an Area Development Agreement or $40,000 if you are developing a single unit not pursuant to an Area Development Agreement The initial franchise fee is not refundable under any circumstances The initial franchise fee must be paid in one lump sum before you open your Pizza Studio Business

If you signed a form of Area Development Agreement which differs from our current form, your initial franchise fees will be determined in accordance with your Area Development Agreement In ~~2015,~~2016, franchisees paid us initial franchise fees ranging from $25,000 to $40,000 Except as described above, the initial franchise fee is uniform for franchises currently being offered in this state

## ITEM 6
## OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Continuing Royalty | 5 5% of Gross Sales | First business day after each Accounting Period | **"Gross Sales"** is the total of all revenues received or receivable by you as payment, regardless of form or exchange, whether or not payment is received therefore, on account of any and all goods, merchandise, services or products sold or provided in or from your business, or which are promoted or sold under any of our marks "Gross Sales" excludes (i) sums representing sales taxes collected and actually transmitted to the appropriate governmental authority, (ii) tips or gratuities paid to employees, and (iii) proceeds from isolated sales of furniture, fixtures or equipment not constituting any part of the products offered for resale at your business nor having any material effect upon the ongoing operation of your business<br>**"Accounting Period"** the period(s) we designate as "Accounting Period(s)" Currently, each Accounting Period is a one calendar week period (with such one week period beginning on Monday and ending on Sunday) |
| Brand Fee | Up to 2% of Gross Sales | Payable with the Continuing Royalty | Payable when and if collected We may change the amount of the Brand Fund (not to exceed 2%) from time to time upon notice The Brand Fee is 0% in ~~2016~~2017, and is expected to be 1% in ~~2017~~2018 and up to 2% thereafter (as we specify) |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Site Review Request Fee | $2,500 | Upon demand | Payable only if we reasonably determine that you have submitted a number of Site Review Requests that exceed the typical necessary for you to find a site acceptable to us |
| Initial Training Program Fee | Our then-current charge, currently $250 per person per day | Upon demand | Payable only if (i) you send more than 2 persons to our Initial Training Program, (ii) the franchise agreement is the second or subsequent agreement between us, (iii) the franchise agreement is a successor franchise agreement, (iv) we require you to attend the Initial Training Program |
| On-Site Training Fee | Our then-current charge, currently $250 per person per day | Upon demand | Payable if (i) you request us to provide more than 10 days of On-Site Training, (ii) the franchise agreement is the second or subsequent agreement between us, (iii) the franchise agreement is a successor franchise agreement, or (iv) we require you to have additional On-Site Training<br><br>Currently, you must pay for 4 trainers' travel expenses at a cost of approximately $1,000 - $2,000 per person |
| Travel Expenses for On-Site Training | Our costs | In advance or upon demand, at our option | You must pay all of our Travel Expenses in connection with On-Site Training |
| Additional or Remedial Training Fee | Our then-current daily training fee plus Travel Expenses, currently $250 per person per day | Upon demand | |
| Intranet Service Fee | Our then-current Intranet service fee, presently there is no charge for this | No later than 30 days after notice by PS | At our request, you must contribute a reasonable amount toward the cost of the Intranet's maintenance for the preceding year We may adjust the amount you pay based upon the services provided by or through the Intranet |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Insurance | Cost of insurance plus our costs in obtaining the insurance for you | Upon demand | If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase such insurance for you must pay us the premiums and our costs in obtaining such insurance |
| Co-Op Advertising | The amount designated by the co-op, not to exceed 1% and not less than any minimum specified by us | As required by the co-op | As of the date of this disclosure document, we have not formed any Co-Ops All fees imposed by Co-Ops will be paid to the applicable Co-Op |
| Transfer / Assignment | $5,000 plus then-current training fees and reimbursement of travel expense | Prior to transfer / assignment | |
| Proprietary Systems | Our then-current charges | Upon demand | Only payable if we implement proprietary information systems (such as a point-of-sale system) Presently, we do not require you to license any systems from us |
| Review of Entity Information | Varies | Upon demand | Payable only if you are an entity and your ownership changes |
| Audit | Amount understated or underpaid plus interest[2] on the underpayment at the highest rate allowable by law (not to exceed 12%, subject to state law) | Upon demand | If any audit discloses that you have underpaid or understated Gross Sales in any report or statement by more than 2% of Gross Sales, then you must immediately pay the full amount owed with interest and pay the cost of conducting the audit including, without limitation travel, lodging, meals, wages, expenses and reasonable accounting and legal fees incurred by PS |
| Late Fee | 1% per month of the amount due | Upon demand | Due only if you are late in paying any amounts owed to us |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Interest on Late Payments | Interest of 12% per annum, or the highest interest rate allowable by state law, on any unpaid amounts | Upon demand | Due only if you are late in paying any amounts owed to us |
| Charges for unpaid checks, drafts or electronic payments | Our costs and expenses arising from the non-payment, including bank fees in the amount of at least $50 00 and other related fees incurred by us | Upon demand | Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise |
| Successor Agreement Fee | 50% of our then-current initial franchise fee, but not less than $12,500 | Upon signing a successor franchise agreement | |
| Testing and Evaluation Costs | Our actual and reasonably anticipated costs | Upon demand | |
| Amounts Paid or Advanced by Us on Franchisee's Behalf or taxes (other than our income taxes) | Varies | Upon demand | Only if we pay or become liable for sums you are required to pay or if taxes (other than income taxes) are imposed on us based on your Gross Sales or amounts you pay us |
| Management Fee | 10% of Gross Sales plus expenses | Upon demand | Payable only if we assume management of your business |
| Indemnification | Varies | Upon demand | |

(1) All fees are imposed by and are payable to us, except as indicated All fees are non-refundable in this Item Franchises sold in other states or prior to the date of this Franchise Disclosure Document may require the franchisees to pay fees on a basis other than as described in this Item, otherwise, the fees are uniform for franchises currently being offered in this state If you signed a form of agreement that differs from our current form and that agreement requires us

to charge different or additional fees than those that are stated in this Item, your fees will be determined in accordance with that agreement

(2) Interest begins from the date of the underpayment

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Category of investment | Amount | | Method of Payment | When Due | To Whom Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $25,000 | $40,000 | Lump Sum | On or before the opening date of your Pizza Studio Business | Us |
| Construction2 | $90,000 | $300,000 | As incurred or per construction contract | Before opening | Approved general contractor |
| Architectural/ Engineering[3] | $5,000 | $15,000 | As incurred | Before opening | Approved architect and engineer |
| Accountant and Attorney | $1,500 | $10,000 | As incurred | As incurred | Your financial and legal advisors |
| Equipment, Furniture Millwork & Fixtures[4] | $50,000 | $175,000 | As incurred | Before opening | Approved suppliers |
| Signage | $6,000 | $12,000 | As incurred | Before opening | Approved suppliers |
| Opening Inventory, Small wares and Supplies | $10,000 | $20,000 | As incurred | When delivered | Approved suppliers |
| Computer Equipment & Information Systems[5] | $7,500 | $10,000 | As incurred | As incurred - must purchase before opening | Approved supplier |

| Category of | Amount | | Method of | When Due | To Whom Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Pre-Opening Advertising (including VIP Party) | $0 | $5,000 | As incurred | As incurred | Vendors, advertising agency, Approved Suppliers |
| Prepaid Expenses, Licenses and Permits | $5,000 | $15,000 | As incurred | Before opening | Utilities, state county and city governments |
| Wages, Travel and Living Expenses During Training[6] | $5,000 | $20,000 | As incurred | Before opening | Airlines, hotels, and employees |
| Insurance[7] | $500 | $1,500 | As incurred | As incurred | Insurance company |
| Additional Funds[8] – 3 Months | $10,000 | $60,000 | As incurred | As incurred | Employees, suppliers, utilities, landlords, etc |
| **Total** | **$215,500** | **$683,500** | **(exclusive of land costs)** | | |

Note Actual costs will vary for each franchisee and each business depending on a number of factors Payments to us are not refundable Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Pizza Studio Business is located If you are signing your Franchise Agreement in connection with the transfer or renewal of an existing franchise, many items of this table are not applicable to you because your Pizza Studio Business is currently open and operating, but under our franchise agreement we may require you to remodel, renovate, modernize or refurbish it to our then-current standards

1 You must pay an initial fee of $25,000 if the franchise agreement is signed pursuant to an Area Development Agreement under which you will develop two or more Pizza Studio Businesses within a defined area or $40,000 if you are developing a single unit not pursuant to an Area Development Agreement

2 These estimates assume that your location will be a leased, unimproved, unfinished "vanilla shell" retail store-type unit These figures may vary considerably depending on such factors as material and labor costs in your area These estimates do not include tenant improvement allowances, if any We estimate the cost to remodel a "vanilla shell" retail-restaurant space that is 1,800 to 2,200 square feet will cost from 90 to $140 per square foot using conventional on-site construction methods This estimate assumes that you will not purchase real estate or construct the building or premises Nor does this estimate assume that you will engage in any demolition or site work If you purchase real

estate and must construct the building, your initial investment will be greater, the exact amount depending upon the size and location of the premises

3 You must retain licensed and bonded architects, engineers and general contractors that are approved by us, to prepare your architectural plans, engineering drawings and construction drawings

4 These figures are based on you purchasing substantially all of your equipment and fixtures

5 See Item 11 regarding the computer system hardware and Information Systems you must purchase We have not included the cost of required hardware and software maintenance agreements, if any This figure also does not include any technical support costs associated with operating the hardware or software

6 We do not charge for tuition or materials for the initial training for the first two trainees, but you are responsible for all other costs associated with attending training Your costs will vary, depending upon your point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc ) These figures include your costs of travel and expenses during your initial 21 day training program The figures include estimated payroll expenses for training for one person (assuming that you are also attending the training as the second trainee) people for 21 days Training will be held at our headquarters in Los Angeles, California, or at another location of our choosing The lower estimate in this range assumes no travel or lodging expenses, while the higher estimate assumes higher priced flights, rental car, and accommodations

7 You are required to obtain and maintain the minimum amount of insurance specified in Item 8 of this Disclosure Document An insurance deposit may be required by the issuing company in order to obtain the minimum types and amounts of insurance as required You will need to check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit The cost of coverage will vary based upon the geographic area in which your Pizza Studio Business will be located, your experience with the insurance carrier, the loss experience of the carrier, and other factors beyond our control You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums You are responsible for obtaining and maintaining all required permits and licenses necessary to operate your Pizza Studio Business This estimate is based on our estimate of requirements in the Los Angeles, California area You will need to check with your advisors and state and local government authorities regarding these requirements in your market area

8 The estimate of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first 3 months of operation The estimate includes, where applicable, items such as Continuing Royalty Fees, Brand Fund contributions, inventory, professional and accounting fees, additional advertising and marketing, insurance, computer maintenance, repairs and service, bank charges (including interest), miscellaneous supplies and equipment, health insurance and workers'

compensation, state tax and license fees, deposits and prepaid expenses (if applicable) and other unforeseen miscellaneous items The estimate of additional funds does not include an owner's salary or draw The additional funds required will vary by your area, how much you follow our methods and procedures, your management skills, experience and business acumen, the relative effectiveness of your staff, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period You must provide security deposits for utilities and rent (and possibly for other items) We cannot guarantee that you will not have additional expenses in starting a Pizza Studio Business Additional operating expenses will be incurred in connection with the ongoing operation of your Pizza Studio Business

General

In compiling these estimates, we rely on the experience of our Parent and affiliate in the construction and development of its Pizza Studio Business in Los Angeles, California These amounts are the minimum recommended levels to cover your operating expenses for 3 months However, we cannot guarantee that such an amount will be sufficient Additional working capital may be required if sales are low or fixed costs are high The disclosure laws require us to include this estimate of all costs and expenses to operate your franchise during the "initial phase" of your business, which is defined as 3 months or a longer period if "reasonable for the industry" We are not aware of any established longer "reasonable period," so our disclosures cover a 3 month period You should review these figures carefully with a business advisor before making any decision to purchase the franchise

## ITEM 8
## Restrictions on Sources of Products and Services

Real Estate

You are solely responsible for locating a site for your Pizza Studio Business, subject to our acceptance Unless we notify you in writing that the proposed site is acceptable within 7 days after you have submitted a site review request package for a proposed site (or 5 days after receipt of additional information which we request), the site will be deemed accepted You may not relocate your Pizza Studio Business without our prior written consent

If you do not already have a location for your Pizza Studio Business when you sign your Franchise Agreement, you must promptly purchase or lease a site for your Pizza Studio Business You must submit a copy of the proposed lease or purchase agreement for the accepted location within 10 days following our acceptance of the location You must submit your proposed lease to us for acceptance at least 10 days before you sign it We will not unreasonably withhold our acceptance of your lease Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you If we accept the proposed lease, we will notify you of our acceptance of the lease Your lease must not (a) obligate us in any manner, (b) contain any provision inconsistent with your Franchise Agreement, or (c) contain a non-competition covenant which restricts us or our affiliates In addition, your lease must provide for a term at least as long as the term of your Franchise Agreement and must include the lease addendum attached to the Franchise Agreement as Exhibit D

If you purchase the location for your Pizza Studio Business, you must submit the purchase contract to us for acceptance at least 10 days before you sign it, and provide a fully signed copy within 10 days following signing We will not unreasonably withhold our acceptance of your purchase contract

Your Pizza Studio Business must be constructed, equipped and improved in compliance with our current design criteria You must only employ licensed and bonded architects, engineers, and general contractors that are approved by us All drawings and plans must be submitted to us for our prior review and acceptance (which will not be unreasonably withheld, conditioned or delayed) before you commence construction All drawings and plans must be submitted with a construction and build-out calendar reflecting that the construction and development of your Pizza Studio Business will be completed within the required time periods If we do not deliver written notice of our acceptance or rejection of such plans or drawings within 10 days, the plans or drawings shall be deemed accepted

You must not open your Pizza Studio Business to the public until (a) you have properly developed and equipped your Pizza Studio Business in accordance with our Standards and applicable law, (b) all pre-opening training for your personnel has been completed to our reasonable satisfaction, (c) you have obtained all permits necessary to operate your Pizza Studio Business, (d) you have obtained written authorization from us to open and commence operation of your Pizza Studio Business, which authorization shall not be unreasonably, withheld, conditioned or delayed, (e) you have paid the Initial Franchise Fee, and (f) you have otherwise satisfied the conditions set forth in your Franchise Agreement You must deliver a notice stating the Opening Date of your Pizza Studio Business, which we will countersign, but if you and we fail to sign such letter, we will determine the Opening Date in good faith Our "**Standards**" are our then-current specifications, standards, policies, procedures and rules we prescribe for the development, ownership and operation of Pizza Studio Businesses We issue our Standards, and modify our Standards, based on our, our affiliates' and our franchisees' experience in developing, operating and franchising Pizza Studio Businesses The Standards will be communicated to you through the manual(s), bulletins, electronic communications and/or other directives

Subject to force majeure, you must commence operation of your Pizza Studio Business as soon as possible, but in any event within 180 days after the effective date of your Franchise Agreement

Merchandise, Materials, Supplies and Services

You must advertise, sell and serve all and only the products we authorize You must operate your Pizza Studio Business in compliance with the Standards, and the procedures, policies, rules and regulations contained in the Manual(s), bulletins, electronic communications and/or other directives You must purchase, and maintain in inventory as needed to meet reasonably anticipated consumer demand, the food, dough, toppings, proteins, sides, salads, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged foods, books, hats, CDs, DVDs and other media, apparel, retail items, and gift or loyalty cards, as specified by us from time to time, all of which are purchased, prepared, sold and/or manufactured in strict accordance with our recipes, Standards and specifications, including specifications as to ingredients, brand names, preparation and presentation ("**Authorized Products**")

You may not offer, sell or otherwise distribute from your Pizza Studio Business any products or services that we have not specified or approved to be offered or sold from your Pizza Studio Business All products and services must be offered, sold and distributed in accordance with the Standards

We may periodically designate and approve Standards and/or suppliers of furniture, fixtures and equipment ("**FFE**") and other products and services that we periodically authorize for use at or sale from your Pizza Studio Business, including services, ingredients, merchandize, equipment, uniforms, supplies, forms, Information Systems and other products, goods and services You must purchase or lease all FFE (including TURBOCHEF ovens) and other products and services for your Pizza Studio Business only according to the Standards As we designate or specify from time to time, you must purchase all Authorized Products and FFE from (i) us or our affiliates (if they sell or provide the same), (ii) suppliers designated by us, (iii) suppliers approved by us, or (iv) suppliers selected by you with our prior written approval We and our affiliates may be the sole designated supplier of certain goods and services As of the date of this disclosure document, neither we nor our affiliates are approved suppliers for any goods or services You will establish the prices charged for goods and services sold by your Pizza Studio Business, and will provide information regarding the prices to us as requested

If you purchase Authorized Products from an affiliate or us, we or they may derive profits from such purchases We will not be obligated to reveal our trade secrets and/or Standards of any proprietary items to you or any third party

If you wish to purchase or use any products or services for or at your Pizza Studio Business that we have not yet evaluated or purchase any product or service from a person or entity (a "**Proposed Supplier**") that we have not yet approved (for products and services that we obligate you to purchase only from designated or approved suppliers), you must submit sufficient information, specifications and samples for us to determine whether the product or service complies with the Standards and specifications and the proposed supplier meets our criteria For each Proposed Supplier, you must first deliver written notice seeking approval, which notice shall (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by us or required in the Manual(s), bulletins, electronic communications and/or other directives (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier Upon request, we will furnish to you the general, but not manufacturing specifications for non-proprietary items and services if specifications are not contained in the Manual(s), bulletins, electronic communications and/or other directives We may request that the Proposed Supplier furnish us, at no cost to us, product samples, specifications and such other information as we may require As a further condition of its approval, we may require a Proposed Supplier to agree in writing (i) to faithfully comply with our specifications and requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of ours and only pursuant to a trademark license agreement in form prescribed by us, (iii) to provide to us duplicate purchase invoices for our records and inspection purposes and (iv) to otherwise comply with our reasonable requests Each Proposed Supplier must agree to comply with our usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to our reasonable satisfaction (a) its ability to provide goods or services, applicable, meeting the Standards, (b) its reliability with respect to delivery and the consistent quality of its products or services, and (c) its ability to meet such other requirements as determined by us to be in the best interest of the franchise system We have the right to inspect the Proposed Supplier's facilities and to require the Proposed Supplier to deliver product samples or items, at our option, either directly to us or to any third party it designates for testing We reserve the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of our franchise network We may disapprove a proposed supplier for any reason, including if, in our opinion the approval of the proposed supplier would disrupt or adversely impact our national or regional distribution arrangements We may revoke our approval of a supplier at any time

We will use our good faith efforts to notify you of our decision within 15 business days after we receive your request for approval and all requested back-up information

You or your Proposed Supplier must pay us in advance (or if we request, reimburse us) our reasonably anticipated costs to review the Proposed Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by us to third parties

We and our affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by franchisees We and our affiliates may derive revenue from third party suppliers based upon your purchases As of the date of this disclosure document (1) our beverage supplier, pays Parent a cash rebate of \$4 00-\$4 50/gallon on beverage syrup and \$1 00/case on bottles and cans purchased by us, our affiliates and our franchisees, (2) our beverage supplier pays Parent cash promotional allowances between \$2,000 - \$3,000 for each new store that open, and paid Parent a one-time bonus, and (3) our pizza box supplier pays Parent a cash rebate of \$2 00 per case on pizza boxes We and our affiliates reserve the right to derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that we designate, approve or recommend for some or all Pizza Studio franchises We and our affiliates may retain for ourselves or themselves, or use as we or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration Although we and our affiliates have no obligation to do so, we and our affiliates may from time to time (which may be on a one-time or recurring basis) contribute all or a portion of the cash rebates to the

Brand Fund or return to franchisee a portion of cash rebates obtained by us and our affiliates on account of purchases made by franchisees

We and our affiliates may derive revenue and profit based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you During our fiscal year ended December ~~27, 2015.~~25, 2016, our total revenue was ~~$1,198,855,~~1,969,370 of which $0 was derived from all required purchases and leases of products and services by franchisees, which equates to 0 00% of our revenue Parent had ~~$110,000~~136,632 in revenue from required sales or leases to franchisees and promotional allowances during its fiscal year ended December ~~27 2015~~ 25, 2016, None of our other affiliates derived any revenue from required sales or leases to franchisees and promotional allowances during the fiscal year ended December ~~27, 2015.~~25, 2016

At such time(s) as we establish a national or regional purchasing program, or exclusive vendor supply contract(s) for any of products or services, you must participate in such purchasing program or vendor contract(s) in accordance with its terms We may establish purchasing or distribution cooperatives, but as of the date of this disclosure document, none have been established Currently, we negotiate volume buying arrangements with suppliers for the benefit of franchisees None of our officers own an interest in any supplier to our franchisees

You must use your best efforts to operate your Pizza Studio Business in a manner calculated to achieve the maximum Gross Sales possible

We estimate that substantially all of your expenditures for leases and purchases in establishing your Pizza Studio Business and substantially all of your expenditures on an ongoing basis during the operation of your Pizza Studio Business will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications and/or which must be purchased from suppliers which we designate or approve)

We may periodically require you to participate in test programs and market research to determine the salability of new products and services If you are requested to participate in a test program, you must provide timely reports and other relevant information regarding such test program

We do not provide material benefits to you based on your use of designated suppliers, but doing so is one of your obligations under the franchise agreement and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement

Computer Equipment & Information Systems

As more fully described in Item 11, you must obtain the "Information System" as detailed in the Manual(s), bulletins, electronic communications and/or other directives The Information System must be connected via a high-speed connection at all times and be capable of accessing the Internet You must obtain certain Information Systems that we specify You must also obtain related service contracts, support contracts and other similar arrangements

## Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our Standards

## Insurance

You must maintain suitable insurance coverage and minimum amounts specified in the Franchise Agreement, Manual(s), bulletins, electronic communications and/or other directives, including all risk property and casualty insurance for the replacement value of your Pizza Studio Business, business interruption insurance providing for continued payment of all amounts due (or to become due) to us under your Franchise Agreement or any other agreement with us, workers compensation insurance as required by applicable law All policies must name us as an additional insured You may obtain additional insurance coverage as you feel necessary You may purchase your insurance from any carrier subject to our approval, not to be unreasonably withheld

## Marketing

You must only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by us and only use and display all material in accordance with the Standards You must obtain our prior written approval to use and/or display any advertising, promotion or marketing materials regarding your Pizza Studio Business or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, Instagram, Twitter, Pinterest, Linkedin, Yelp, and YouTube), website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by us

## Opening Promotion

In addition to general advertising and promotion, you must develop a written pre-opening and opening promotional plan, which plan must be submitted and approved by us prior to the Opening Date of your Pizza Studio Business

## Uniforms

You must cause all of your personnel to wear uniforms in accordance with the Standards, present a neat and clean appearance

## Signs

You must maintain approved signs and/or awnings identifying your Pizza Studio Business, which shall conform in all respects to the Standards and the layout and design plan approved for your Pizza Studio Business

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section In Agreement | Disclosure Document Item |
|---|---|---|
| a Site selection and acquisition/lease | Sections 5 1, 5 2 and 5 3 of Franchise Agreement, Section 6 1 of Area Development Agreement | Items 8 & 11 |
| b Pre-opening purchases/leases | Section 5 3 of Franchise Agreement | Item 8 |
| c Site development and other pre-opening requirements | Section 5 4 of Franchise Agreement, Section 6 1 of Area Development Agreement | Items 7 & 11 |
| d Initial and ongoing training | Article 6 of Franchise Agreement, Article 12 of Area Development Agreement | Item 11 |
| e Opening | Section 5 4 of Franchise Agreement | None |
| f Fees | Article 4 of Franchise Agreement, Article 5 of Area Development Agreement | Items 5 & 6 |
| g Compliance with standards and policies/Operating Manual | Article 7 of Franchise Agreement | Item 11 |
| h Trademarks and proprietary information | Article 11 of Franchise Agreement | Items 13 & 14 |
| i Restrictions on products/services offered | Sections 9 1, 9 2, and 9 3 of Franchise Agreement | Item 16 |
| j Warranty and customer service requirements | Section 9 4 of Franchise Agreement | Item 11 |

| Obligation | Section In Agreement | Disclosure Document Item |
|---|---|---|
| k Territorial development and sales quotas | Section 2 3 of Franchise Agreement, Article 2 of Area Development Agreement | Item 12 |
| l Ongoing product/service purchases | Article 9 of Franchise Agreement | Item 8 |
| m Maintenance, appearance, and remodeling requirements | Section 5 3 of Franchise Agreement | Item 11 |
| n Insurance | Section 7 11 of Franchise Agreement | Items 6 & 8 |
| o Advertising | Section 4 5 of Franchise Agreement, Article 8 of Franchise Agreement | Items 6 & 11 |
| p Indemnification | Sections 13 2 4, 13 3 4, 17 1 and 16 2 of Franchise Agreement, Sections 7 3, 10 1 and 10 2 of Area Development Agreement | Item 6 |
| q Owner's participation/ management/staffing | Section 7 2 of Franchise Agreement, Article 12 of Area Development Agreement | Items 11& 15 |
| r Records/reports | Section 10 1 and 10 4 of Franchise Agreement | Item 6 |
| s Inspections/audits | Sections 10 2 and 10 3 of Franchise Agreement | Items 6 & 11 |
| t Transfer | Sections 13 1, 13 2, 13 3 13 4 and 13 6 of Franchise Agreement, Section 7 3 of Area Development Agreement | Item 17 |
| u Renewal | Sections 3 2, 3 3 and 3 4 of Franchise Agreement, Article 4 of Area Development Agreement | Item 17 |

| Obligation | Section In Agreement | Disclosure Document Item |
|---|---|---|
| v Post-termination obligations | Article 15 of Franchise Agreement, Section 5 1 2 of Area Development Agreement | Item 17 |
| w Non-competition covenants | Section 12 1 of Franchise Agreement, Article 8 of Area Development Agreement | Item 17 |
| x Dispute resolution | Sections 14 7 and 18 13 of Franchise Agreement, Section 10 14 of Area Development Agreement | Item 17 |

## ITEM 10
## Financing

We do not offer direct or indirect financing We do not guarantee your note, lease or obligation

## 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 business, we will

Site Review Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site under our then-current standards for site acceptance and rejection If we do not accept your proposed site within 7 days after your submission (or 5 days after you provide any supplemental information we request), the site will be deemed accepted (Franchise Agreement, § 5 1, Area Development Agreement, § 6 1 1) You may not enter into a lease or purchase agreement for a site unless and until the site has been accepted We may impose a fee of $2,500 per each Site Review Request if we reasonably determine that you have submitted a number of Site Review Requests that exceed the typical necessary for you to find a site that is acceptable to us You must obtain our acceptance of a proposed site within 90 days following the execution of the Franchise Agreement Your Pizza Studio Business location will be purchased or leased by you from independent third parties We do not generally own the premises and lease it to you If you do not locate your site and obtain our acceptance within the required time period, you will be in default and we may terminate the agreement (subject to applicable notice and cure rights, if any)

Site Selection Assistance We do not locate sites for you However, we may, without obligation, assist you in locating or evaluating a site You may not construe any assistance we may provide, or our acceptance as a guarantee or other assurance that the site will be successful The factors we consider in accepting sites include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms (Franchise Agreement, § 5 2, Area Development Agreement, § 6 1 2)

Standards for Pizza Studio Business We will provide a copy of our basic specifications for the design and layout of your Pizza Studio Business We will provide a copy of our Standards for the design and layout of a typical Pizza Studio Business and mandatory and suggested equipment, furnishings and fixtures (Franchise Agreement, § 5 3 1) We do not provide equipment, signs, fixtures, opening inventory or supplies, but provide you with specifications We do not deliver or install these items

Training We provide an initial training program described below (Franchise Agreement § 6 1)

Operating Principal We will accept or reject your Operating Principal (Franchise Agreement §§ 1 1 2 and 7 2)

Manuals The Table of Contents, including the number of pages and the total number of pages, of Our Manual(s) is attached as Exhibit I Our manual(s), bulletins, electronic communications and/or other directives will describe our mandatory and recommended Standards and procedures The Manual(s) may be in one or more volumes or chapters or segments At such time as we complete our Manual(s), we will provide you access to the Manual(s) during the term of your franchise agreement The Manual(s) may be delivered to you in any media utilized by us for delivery of the Manual(s) We will have the right to update the Manual(s) and change the elements of our System as we deem appropriate We will loan (or provide access to the Manual(s) via electronic interface) to you one copy of our confidential Manuals to use during the term of the Franchise Agreement The Manual(s) contain our standard operational procedures, policies, rules and regulations with which you must comply (Franchise Agreement § 7 4)

Time to Commence Operations

We estimate the typical length of time between signing a Franchise Agreement and commencing the operation of a Pizza Studio Business is between 90 and 180 days, assuming that a location can be obtained and leased within one month after you sign the Franchise Agreement If there are unforeseen delays, it could take considerably longer for you to open your Pizza Studio Business Factors that may affect the length of time it takes you to commence operating your Pizza Studio Business include the process of negotiating a lease, construction delays, drafting architectural plans, obtaining permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs, and your successful completion of our initial training program, among other factors

## Obligations After Opening

During the operation of the franchise business, we will

1 provide up to 10 days of on-site training commencing shortly before and ending shortly after your Pizza Studio Business opens to the public (Franchise Agreement § 6 2),

2 provide training courses, programs and conventions that we choose to provide (Franchise Agreement § 6 4) Such training courses, programs and conventions may require the payment of an additional fee,

3 upon reasonable request, we will give you additional assistance and advice to help you run your Pizza Studio Business In our sole discretion, we may send a representative to your Pizza Studio Business to discuss your operations If provided at your request, you must reimburse our expenses and pay our then-current training charges and Travel Expenses (Franchise Agreement § 6 4),

4 issue and modify Standards and System (Franchise Agreement §§ 7 1 and 7 4),

5 we will provide you access to the Manual(s) (Franchise Agreement § 7 4)

6 approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising (Franchise Agreement § 8 1),

7 maintain and administer the Brand Fund (Franchise Agreement § 8 3),

8 periodically designate Authorized Products (Franchise Agreement §§ 9 2 and 9 3),

9 let you use our Marks (Franchise Agreement § 2 1 and Article 11), and

10 let you use our confidential information (Franchise Agreement Section 12 2)

## Advertising (Franchise Agreement, § 8)

### Brand Fund

You must pay us a Brand Fee of up to 2% of the Gross Sales of your Pizza Studio Business Other franchisees may not be obligated to contribute to the Brand Fund or may contribute at a different rate, as we determine appropriate We will contribute the Brand Fee to our Brand Fund We will direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation Media placement may be national, regional, or local advertising, public relations or promotional campaigns, and/or used for programs designed to promote and enhance the image, identity or patronage of Pizza Studio Businesses, or programs designed to promote and retain customer satisfaction and resolve customer disputes Advertising may be from an in-house advertising department or national, regional or local advertising agencies, or other sources We need not make expenditures that are equivalent or proportionate to your contributions We need not ensure that any particular franchisee benefits directly or proportionately from fund advertising The fund is not a trust and we are not a fiduciary

Although neither we nor our affiliates are required to contribute or allocate funds to the Brand Fund on account of Pizza Studio Businesses we or our affiliates operate, we and our affiliates presently contribute to the Brand Fund an amount equal to 2% of Gross Sales We may cease this practice at any time Neither we nor our affiliates are required or spend any amounts on marketing

The fund may be used to meet all costs (including reimbursement to us and our affiliates) of administering, directing, preparing, placing and paying for national, regional or local advertising to promote and enhance the image, identity or patronage of Pizza Studio Businesses, or programs designed to promote and retain customer satisfaction and resolve customer disputes, all as we determine appropriate We will either transfer the brand fund contributions to a separate entity to whom we have delegated the responsibility to operate and maintain the brand fund or place the funds in a separate account that we maintain We may not use this money principally to solicit new franchise sales We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund

We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest in surplus funds We may refund or rebate all or a portion of a franchisee's brand fund contributions to the applicable franchisee for expenditure by that franchisee If we spend less than the total of all contributions to the Brand Fund during any fiscal year, we may accumulate those sums for use in later years If we or an affiliate advances money to the Brand Fund, we or they will be entitled to reimbursement Any interest earned on monies held in the Brand Fund shall be used for the Brand Fund

Although we intend the fund to be perpetual we can terminate the fund We will not terminate the fund until it has spent all money in the fund for advertising and promotional purposes

The Brand Fund has been established, but was not operational for the fiscal year ended December ~~27, 2015~~ 25, 2016. We are not required to prepare audited or other financial statements for the Brand Fund, or to provide you with an accounting of how funds were spent, however, (i) if we prepare financial statements for the Brand Fund, we will make the last year's financial statements available to you within a reasonable period of time after your written request, and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to you within a reasonable period of time after your written request

Other Advertising Information

You may develop advertising materials for your own use, at your own cost You must submit to us all advertising materials not prepared or previously approved by us, for our approval If we do not approve your advertising materials within 30 days, the proposed advertising will be deemed disapproved (Franchise Agreement § 8 1)

In addition to the Brand Fee you must expend at least 1% of your Gross Sales on local advertising and promotion of your Pizza Studio Business, conforming to our specifications in the Manual(s), bulletins, electronic communications and/or other directives You must deliver evidence of local advertising expenditures in the form and manner we prescribe All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to your required local advertising expenditure At our request, you must submit an advertising plan to us that details the local advertising to be conducted during the calendar year Such plan shall be made available not later than December 15 of the preceding calendar year We may reserve the right to reject all or part of such plan and you must revise the plan in response to our comments

Advertising Council

There is no advertising council composed of franchisees that advises the franchisor on advertising policies The Franchise Agreement does not give us the power to form, change or dissolve an advertising council

Advertising Cooperatives (Franchise Agreement § 8.7)

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives ("**Co-op**") If we do so, you must participate in any advertising Co-op for the region in which your Pizza Studio Business is located We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions We determine the area of each advertising cooperative

Each advertising cooperative must adopt written governing documents A copy of the governing documents (if one has been established) is available upon request At all meetings of cooperative advertising regions, each participating franchisee is entitled to one vote per Pizza Studio Business that franchisee operates in the cooperative region and we are entitled to one vote for each company-owned Pizza Studio Business in the region

Your minimum contributions to the advertising cooperative will be determined by us, not to exceed 1% of Gross Sales However, each cooperative may change the contribution by affirmative vote of not less than a majority of the voting power of the cooperative region We or our affiliate, as applicable, will contribute to the advertising cooperative for each of our company- or affiliate-owned Pizza Studio Business located in the cooperative region on the same basis as franchisees

Presently, advertising cooperatives are not required to prepare quarterly and annual financial statements

__Information Systems (Franchise Agreement, § 7.3)__

Before you commence operating your Pizza Studio Business, you must purchase or lease the required electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale cash collection systems, mobile devices/software, order systems, email systems, data systems, network systems, printer systems, mobile applications, internet systems, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment ("**Information Systems**")

You must purchase, use and maintain the Information Systems specified in the Manual(s), bulletins, electronic communications and/or other directives in accordance with the Standards The Information Systems must at all times be connected to one or more high-speed communications media specified by us and permit access to the internet 24 hours per day, 7 days per week

At our direction, you must electronically link the Information Systems to us or our designee You must allow us and/or our designee to access the Information Systems and stored files and data (the "**IS Data**"), and to add, remove, configure and modify the Information Systems via any means including electronic polling and uploads, with or without notice We own the IS Data that is stored on your Information Systems and you will assign to us any and all rights you may have in the IS Data We will have independent access to the information generated and stored in the Information Systems

The Information Systems will store information concerning the customers, sales mix, sales information, purchasing and inventory, accounting and other operations You must provide all assistance we require to bring the Information Systems on-line with our or our designee's computer at the earliest possible time and to maintain this connection as we require We may retrieve from your Information Systems all information that we consider necessary, desirable or appropriate There are no contractual limitations on our right to access information

The approximate initial cost to you for the Information Systems is $7,500 to $10,000 to purchase and install the Information Systems Presently you may purchase Information Systems from any supplier so long as the Information Systems meet our Standards You must obtain high-speed communications access for your information system, such as broadband, DSL or other high-speed capacity

We cannot reasonably estimate the future costs of the Information Systems, required hardware, software, or service or support, however you must acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by us from time to time The Information System may be provided directly by third parties or may be sold, licensed or sublicensed by or through us at a reasonable one-time or recurring charge

Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to the system You will be responsible for obtaining support and/or optional maintenance contracts from third parties for your computer maintenance and repair needs You are also responsible for all updates and upgrades You must maintain your Information Systems and keep it in good repair There is no contractual limit on our ability to require you to update or upgrade the systems, add components to the system and replace components of the system Except as described above, we cannot estimate the cost of maintaining, updating or upgrading your Information Systems or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time

**Training** (Franchise Agreement, Article 6)

Before opening your Pizza Studio Business, the Operating Principal and your general manager shall successfully complete, to our satisfaction, an initial training program in the Standards and the operation of a Pizza Studio Business (**"Initial Training Program"**) We may modify the content and manner of conducting the Initial Training Program in our discretion from time to time Prior to commencing operation of your Pizza Studio Business, we shall provide at no additional cost the Initial Training Program to the Operating Principal and your general manager You may not operate your Pizza Studio Business until the then-current Operating Principal and general manager shall have completed the Initial Training Program to our satisfaction Training will be conducted at our training facilities in Los Angeles, California or at other approved training facility(ies) specified by us, and may include classroom training, instruction at our or your facilities, remote training, and/or a self-study program The Initial Training Program shall be approximately 126 5 hours over a 21 day period for all attendees

If we provide the Initial Training Program (i) to any person designated by you in addition to the first Operating Principal and your first general manager, (ii) to you in connection with a Successor Franchise Agreement or your (or your affiliates') second or subsequent Pizza Studio Business, or (iii) to you because we require you (or your employees) to attend the Initial Training Program, you pay our then-current training fees and reimburse us for our costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to our employees', agents' and/or representatives' expenses, a per diem charge determined by us in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses (**"Travel Expenses"**)

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The- Job Training | Location |
|---|---|---|---|
| Policies, Procedures, Culture, Brand Promises | 4 | 0 | Los Angeles or other approved training |

| Subject | Hours of Classroom Training | Hours of On-The- Job Training | Location |
|---|---|---|---|
| | | | facility(ies) |
| Back of House (Prep, Pars, Dough Flow, Purchasing, and Inventory Management), | 2 | 30 | Los Angeles or other approved training facility(ies) |
| Front of House (Positions, Opening checklist Closing checklist, primary responsibilities, secondary responsibilities, sidework) | 3 | 45 | Los Angeles or other approved training facility(ies) |
| Management (Labor scheduling, Inventory, Line checks, P&L management, Hiring, Training, Purchasing) | 5 | 37 5 | Los Angeles or other approved training facility(ies) |
| **Total** | **14** | **112 5** | |

We will hold training as frequently as we determine necessary If you are an individual, you and your initial general manager must attend, and satisfactorily complete, to our satisfaction, the Initial Training Program If you are an entity, your Operating Principal and your initial general manager, must attend and satisfactorily complete, to our satisfaction, the Initial Training Program, prior to opening your Pizza Studio Business to the public Our training is conducted by various members of our staff and under the supervision of Ron Biskin Mr Biskin has been our Co-CEO since December 17, 2012 and has over 25 years of experience in all aspects of the restaurant industry Other trainers will have experience in the materials that they are presenting, and at least one year of restaurant experience The Manual(s), bulletins, electronic communications and/or other directives, various demonstrations, checklists, and exams are used in our training program

When you and your affiliates open your second Pizza Studio Business, you must thereafter employ a director of operations With our consent, your director of operations may be the same person as your Operating Principal Your Director of Operations must attend and successfully complete, to our satisfaction, the Initial Training Program

Immediately before and after each of your Pizza Studio Businesses opens to the public, we will provide up to 10 days of on-site training We do not charge a fee for on-site training for your first Pizza Studio Business, however, if we determine that it is necessary to provide more than 10 days of on-site training, you must pay our then-current training fees In all cases you must pay or reimburse us for our Travel Expenses

We will provide additional assistance and training to you and your employees upon your request or as we deem necessary to instruct you and your employees with regard to new procedures or programs which we deem important to the operation of your Pizza Studio Business We may also provide optional additional assistance for you and your employees Such additional assistance may be held on a national or regional basis at locations that we choose We may establish charges for the additional assistance (in addition to reimbursement for our Travel Expenses), and in addition to any charges we establish, you must pay all transportation costs, food, lodging and other similar costs that you and your employees incur in connection with attending any additional training

## ITEM 12
## Territory

Franchise Agreement

We grant you the right to operate a single Pizza Studio Business at a location accepted by us Your Pizza Studio Business will be located within a specific geographic area (the "**Protected Area**") 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 You may not relocate your Pizza Studio Business without our prior written approval We are not required to approve your request to relocate your Pizza Studio Business We do not grant a right of first refusal or similar rights to acquire additional Pizza Studio Businesses, although you may apply for the right to open additional Pizza Studio Businesses

Your Protected Area will be described in Exhibit "A" to your Franchise Agreement Your Protected Area will be determined by us, in our sole discretion as we consider appropriate under the circumstances The continuation of your rights within the Protected Area does not depend on achievement of a certain sales volume, market penetration, or other conditions, other than your performance under your contracts with us Your Protected Area may not be modified except by written agreement signed by both you and us Among other factors that we will consider, we will consider population density, growth patterns and other factors Your Protected Area may be limited to the location of your Pizza Studio Business, may be a specified radius surrounding your Pizza Studio Business, not to exceed a 1 mile straight line radius from your Pizza Studio Business, or a geographic area described in your Franchise Agreement If you receive protected rights, during the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, a Pizza Studio Business the physical location of which is in your Protected Area, except for a Pizza Studio Business located at Non-Traditional Venues (defined below) and as otherwise described below We, our affiliates and our franchisees may solicit and accept orders from within your Protected Area and we, our affiliates and our franchisees are not required to compensate you for soliciting or accepting such orders

We reserve all rights not expressly granted in the franchise agreement (the "**Reserved Rights**"), including, for example, the exclusive, unrestricted rights, in our discretion, directly and indirectly, itself and through its employees, affiliates, representatives, franchisees, licensees, assigns, agents and others

(a) to own or operate, and to license others to own or operate (i) Pizza Studio Businesses, the physical location of which are located outside of the Protected Area, regardless of proximity to the Protected Area or your Pizza Studio Business, (ii) other businesses that provide goods and services, (iii) Pizza Studio Business and other businesses, the physical location of which are located at Non-Traditional Venues, and/or (iv) businesses operating under names other than under the Marks at any location, and of any type whatsoever, even if they use a portion of the System, offer similar products and services, or compete with Pizza Studio Businesses,

(b) to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks, at or through any location or outlet (other than a Pizza Studio Business, the physical premises of which is located within the Protected Area, except for Pizza Studio Businesses located at Non-Traditional Venues), and through any distribution channel, at wholesale or retail,

(c) to advertise and promote the System through any means,

(d) to develop or become associated with other concepts, and award franchises and/or licenses under other concepts for locations anywhere, and

(e) to engage in any other activities not expressly prohibited by the Franchise Agreement

"**Non-Traditional Venue**" means a location within another primary business or in conjunction with, or in the same trade area as, institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, amusement parks, arenas, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider

You may solicit or accept business from customers located anywhere, but you may not use alternative distribution channels, including delivery, catering, telephone, mail order, the internet, or other distribution channels, except methods of accepting orders that are authorized in writing by us You may not offer or provide food delivery services or catering services

Presently, neither we nor any of our affiliates have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that you will offer, although we reserve the right to do so

If you are not in breach of any of your franchise agreement, we will not open, or franchise or license any third party to open, any Pizza Studio Business at any Non-Traditional Venue within your Protected Area during the of your agreement, without first providing you a right of first refusal ("**Refusal Right**"), for a least 30 days (the "**Option Period**"), to sign a franchise agreement for such location, on our then-current form of franchise agreement, as the same may be reasonably amended for the applicable Non-Traditional Venue We do not have to provide you the Refusal Right with respect to any location (i) for which the site owner or other controlling authority of the location has established operator qualification requirements, or other conditions, which we know or reasonably and in good faith believe you do not satisfy and which would not be waived or modified by the site owner or other controlling authority of the location to allow you to execute a franchise agreement for such location, or (ii) if a grant of rights to you with respect to such location would conflict with our or our affiliates contractual obligations Except as indicated, we do not grant a right of first refusal or similar rights to acquire additional Pizza Studio Businesses, although you may apply for the right to open additional Pizza Studio Businesses

<u>Area Development Agreement</u>

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of Pizza Studio Businesses at locations in a specified Development Area, subject to our approval The Development Area may be one or more metropolitan statistical areas, designated marketing areas, cities, counties, states or some other defined area During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a Pizza Studio Business the physical location of which is located in your Development Area, except Pizza Studio Businesses located at Non-Traditional Venues and our Reserved Rights (though substituting "Development Area" for "Protected Area" above) You may not relocate your Development Area

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 As an area developer (as opposed to as a franchisee), you have no rights to operate a Pizza Studio Business You may not solicit or accept business from customers You may not use alternative distribution channels, including delivery, catering, telephone, mail order, the internet, or other distribution channels, except methods of accepting orders that are authorized in writing by us You may not offer or provide food delivery services or catering services When you sign a franchise agreement, your Protected Area for that Pizza Studio Business will be determined by us, in our sole discretion as we consider appropriate under the circumstances, as described above

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement that you have signed, or a material breach of any other agreement with us, we may terminate your right to develop, open and operate Pizza Studio Businesses in your Development Area, but the termination of your right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself After the expiration of the term of your Area Development Agreement, we may own, operate, or franchise or license others to operate additional Pizza Studio Businesses anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any then existing Franchise Agreement

If you are not in breach of any of your Area Development Agreement, we will not open, or franchise or license any third party to open, any Pizza Studio Business at any Non-Traditional Venue within your Development Area during the of your agreement, without first providing you a right of first refusal ("**Refusal Right**"), for a least 30 days (the "**Option Period**"), to sign a franchise agreement for such location, on our then-current form of franchise agreement, as the same may be reasonably amended for the applicable Non-Traditional Venue We do not have to provide you the Refusal Right with respect to any location (i) for which the site owner or other controlling authority of the location has established operator qualification requirements, or other conditions, which we know or reasonably and in good faith believe you do not satisfy and which would not be waived or modified by the site owner or other controlling authority of the location to allow you to execute a franchise agreement for such location, or (ii) if a grant of rights to you with respect to such location would conflict with our or our affiliates contractual obligations Except as indicated, we do not grant a right of first refusal or similar rights to acquire additional Pizza Studio Businesses, although you may apply for the right to open additional Pizza Studio Businesses

## ITEM 13
## Trademarks

We license you the right to operate a Pizza Studio Business under the name "Pizza Studio" or other name we designate You must also use our other designated current or future trademarks to operate your Pizza Studio Business By principal trademark we mean primary trademarks, service marks, names, logos, and commercial symbols used to identify your Pizza Studio Business Parent has licensed us to offer and sell franchises, and to sublicense the right to use the following principal marks which are on the Principal Register of the U S Patent and Trademark Office in connection with the operation of Pizza Studio Businesses

| MARK | REGISTRATION NUMBER | REGISTRATION DATE |
|---|---|---|
| PIZZA STUDIO | 4,622,579 | October 14, 2014 |
| PIZZASTUDIO CREATE YOUR MASTERPIECE | 4,622,620 | October 14, 2014 |
| | 4,414,591 | October 8, 2013 |

We do not have a federal registration for the trademarks listed below Therefore, these trademarks do not have many of the legal benefits and rights of 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

| MARK | SERIAL NO | APPLICATION DATE |
|---|---|---|
| PIZZA STUDIO ARTFULLY CRAFTED ▼ MODERN FOOD | N/A | N/A |
| PIZZA STUDIO | N/A | N/A |

We, on the one hand, and Parent, on the other hand, have signed a Trademark and Intellectual Property License Agreement under which Parent, as applicable, have licensed us to use and sublicense the use of the Marks, for a period of 50 years commencing February, 2013 and continuing from year to year unless either of us elects not to renew at the end of the initial 50 year term or any one year renewal term The licensor may terminate it if we become insolvent, upon certain transfers, or if we materially default and fail to cure within a 60 day period Upon expiration or termination of the license, the licensor will honor all existing franchise agreements in good standing for their remaining terms Other than the license agreements referred to above, no agreements presently limit our right to use or license the use of these trademarks

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state court litigation involving the trademarks We have filed all required affidavits

You must follow our rules when you use these principal trademarks You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks We will take the action we think appropriate We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U S Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark You must sign all documents, render assistance and do all things that our counsel deems necessary to protect our interests in any litigation or U S Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks

While we are not required to defend you against a claim against your use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending our trademark To receive reimbursement you must have notified us immediately when you learned about the infringement or challenge

You must modify or discontinue the use of a principal trademark if we modify or discontinue it If this happens, except as we may otherwise direct, you must implement any change within 60 days after notice by us at your expense You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business

## ITEM 14
## Patents, Copyrights, and Proprietary Information

There are no patents or pending patent applications material to the franchise

We will loan you, or make available to you, one copy of our Manual(s) for confidential use in your Pizza Studio Business Although neither we nor our affiliates have filed an application for a copyright registration for the Manual(s), we claim common law copyrights in the Manual(s) We also claim common law copyrights in other materials Federal registration of copyrights is not required to ensure the protection of federal copyright law The typical duration of a copyright is the life of the author plus 70 years

The Manual(s), bulletins, electronic communications and/or other directives we provide you are our property and you may not duplicate, copy, disclose or disseminate the contents of the same at any time, without our express written consent We may modify or supplement the Manual(s), bulletins, electronic communications and/or other directives upon notice or delivery to you You must keep the Manual(s) current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us

You may not copy, divulge or use any confidential information, which may include our Standards and the contents of our Manuals, marketing concepts, and operating methods and techniques (the "**Confidential Materials and Practices**") during or after the term of your Franchise Agreement, except in connection with the operation of your Pizza Studio Business pursuant to a valid Franchise Agreement You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices You must inform your employees to whom the information, or any of it, is made available of this obligation of confidence, and have them sign a written non-disclosure, and submit a copy to us for our files

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner

## ITEM 15
## Obligation to Participate in the Actual Operation of the Franchise Business

If you are an individual, you must directly supervise your Pizza Studio Business For purposes of your Franchise Agreement, obligations of or on the "Operating Principal" will be applicable to you if you are an individual If you are not an individual, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your Pizza Studio Business The Operating Principal must have the authority and responsibility for the day-to-day operations of your Pizza Studio Business

You (or your Operating Principal) must be adequately trained and you must have a Pizza Studio Business general manager and adequate staff of employees who have in our judgment, been fully and adequately trained Your Operating Principal, if applicable, must (a) devote his or her full time and best efforts solely to the operation of your Pizza Studio Business, (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing, and (c) have successfully completed the Initial Training Program

If you have signed an Area Development Agreement and this is your second or subsequent Pizza Studio Business, you must employ a Director of Operations that (a) shall devote full time and best efforts solely to operation of the all Pizza Studio Businesses owned or operated, directly or indirectly, by you and to no other business activities, (b) meet our educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Manuals or otherwise in writing by Company, (c) have successfully completed the Initial Training Program, and (d) be an individual acceptable to us With our consent, your director of operations may be the same person as your Operating Principal

At our request, your Operating Principal and other persons we designate must sign a confidentiality agreement regarding the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17

Each ındıvıdual or entıty (other than us or our affilıates) who owns a 10% or greater ınterest ın the franchısee entıty must sıgn an agreement (Exhıbıt D - Guaranty) assumıng and agreeıng to dıscharge all oblıgatıons of the "Franchısee" under the Franchıse Agreement

## ITEM 16
## Restrıctıons on What the Franchısee May Sell

You must sell and offer all and only those products that we authorıze at or from your Pızza Studıo Busıness Authorızed products may dıffer among our franchısees, and may vary dependıng on the operatıng season and geographıc locatıon of your Pızza Studıo Busıness or other factors Upon receıpt of wrıtten notıce from us, you must sell and provıde addıtıonal authorızed products accordıng to the ınstructıons and wıthın the tıme specıfied ın the notıce You must stop sellıng and provıdıng any prevıously approved or dıscontınued authorızed products upon notıce from us There ıs no lımıt on our rıght to change the authorızed products that you must sell You may not stop offerıng any authorızed product wıthout our express wrıtten approval At our request, you must also sell certaın test products and/or offer certaın test servıces If you are asked to do so, you must provıde us wıth reports and other relevant ınformatıon regardıng the test products and servıces

You may not offer, sell or provıde any authorızed products ın connectıon wıth any trademark, servıce mark, logo type or commercıal symbol of any other person or busıness entıty wıthout our express wrıtten consent You may not engage ın any co-brandıng ın or ın connectıon wıth your Pızza Studıo Busıness, except wıth our prıor wrıtten consent "Co-brandıng" ıncludes the operatıon of an ındependent busıness, product lıne or operatıng system owned or lıcensed by an entıty other than us that ıs featured or ıncorporated wıth your Pızza Studıo Busıness and operated ın a manner whıch ıs lıkely to cause the publıc to perceıve ıt to be related to your Pızza Studıo Busıness

## ITEM 17
## Renewal, Termınatıons, Transfer, and Dıspute Resolutıon

### THE FRANCHISE RELATIONSHIP

**Thıs table lısts certaın ımportant provısıons of the franchıse and related agreements You should read these provısıons ın the agreements attached to thıs dısclosure document**

| Provısıon | Sectıon ın Franchıse Agreement | Summary |
|---|---|---|
| a Length of the franchıse term | § 3 1 | 10 years |
| b Renewal or extensıon of the term | § 3 2 | 2 successıve 5 year perıods |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| c Requirements for franchisee to renew or extend | §§ 3 2 - 3 4 | We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) You may be asked to sign a contract with materially different terms and conditions than your original contract<br><br>You must (1) pay the successor agreement fee, (2) have complied with your obligations during the term of your Franchise Agreement, (3) have delivered a notice between 9 and 12 months before the expiration of the Term, (4) execute a new franchise agreement which may contain materially different terms and conditions from your original contract, (5) must have undertaken and completed at your expense the remodeling, renovation and refurbishment of your Pizza Studio Business, unless you have remodeled your business within the preceding 5 years, and (6) sign a general release |
| d Termination by franchisee | § 14 8 | You may terminate if we materially default, and if we do not cure the default within 60 days after our receipt or written notice from you detailing the alleged default, provided, that if the default is such that it cannot be reasonably cured within such 60 day period, we will note be in default so long as we commence to cure such default within 60 days and we diligently continues to prosecute such cure to completion |
| e Termination by Franchisor without cause | None | Not applicable |
| f Termination by Franchisor with cause | §§ 14 1 – 14 7 | We can terminate only if you default under your Franchise Agreement |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| g "Cause" defined – curable defaults | § 14 4 | You have 5 days to cure non-payment of fees and 10 days to cure defaults not listed in Section 14 3 of your Franchise Agreement, provided that such 10 day period will be extended for a reasonable period of time (not to exceed 75 days) if in our reasonable determination you are not capable of curing the default within such 10 day period and provided that you commence to cure the default within 10 day period and diligently prosecute the cure to completion |
| h "Cause" defined – non-curable defaults | §14 2 – 14 3 | Non curable defaults (i) bankruptcy or insolvency, admission of its inability to meet its financial obligations, or shall making a disposition for the benefit of its creditors, (ii) an unsatisfied judgment of more than $25,000, (iii) a seizure, foreclosure or take over, (iv) a levy of execution upon the Franchise Agreement, (v) unreleased mechanics lien, (vi) you allow or permit any judgment to be entered against us or our affiliates, (vii) a condemnation or transfer in lieu of condemnation, (viii) abandonment, (ix) Assignments without consent, (x) repeated defaults, (xi) violations of law after notice of noncompliance, (xii) certain criminal offences, (xiii) confidential information misuse, violations of non-competition and non-solicitation covenants, (xiv) failure to complete training, (xv) misuse of trademarks, or (xvi) health and safety violations |
| i Franchisee's obligations on termination/non-renewal | Article 15 | You must (i) stop using marks and all confidential information, (ii) return the manuals, IS Data, and other materials, (iii) makes cosmetic changes to your Pizza Studio Business so that it no longer resembles our proprietary design, (iv) at our election, sell such equipment and furnishings that we designate to us and assign all leases and other contracts we specify to us, (v) assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your Pizza Studio Business, authorize and instruct the telephone company and |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | all listing agencies of the termination of your right to use any telephone number or listing associated with your Pizza Studio Business and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks, (vi) cancel or assign to us (at our option) all internet web pages, email address, social media listings, domain names and other registrations containing the marks See also "r" below |
| j Assignment of contract by Franchisor | § 13 1 | No restriction on our right to assign |
| k "Transfer" by franchisee – defined | § 13 2 1 | Includes transfer of the agreement or change in ownership of a franchisee which is an entity |
| l Franchisor approval of transfer | § 13 2 | Transfers require our express written consent |
| m Conditions for franchisor approval of transfer | § 13 2 - 13 4 | You must (i) provide a detailed description of the price and material terms of the transfer/Assignment, (ii) provide us a list of your Owners and others with an interest in the franchise agreement, (iii) have complied with the right of first refusal and we must not have exercised our right of first refusal, (iv) not be in default, (v) be current to your obligations to third parties, (vi) have signed a release and your Owners must have signed a release, (vii) not have any suit or action pending or threatened with respect to your Pizza Studio Business, (viii) pay the Transfer Fee, and (ix) agree to a non-competition agreement accepted to us which agreement is substantially similar to the Franchise Agreement terms<br><br>New franchisee must (i) qualify, (ii) have the |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | right to occupy the location by assignment or assumption of the lease or purchase of the location, (iii) assume the Franchise Agreement or sign a new Franchise Agreement, (iv) agree to refurbish your Pizza Studio Business, and (v) complete training<br><br>The franchisee's rights to receive payments in connection with the transfer must be subordinated to our rights to receive payment and the other obligations to us<br>(See also "r" below)<br>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees |
| n Franchisor's right of first refusal to acquire franchisee's business | § 13 3 | We can match any offer for your business |
| o Franchisor's option to purchase franchisee's business | None | Not applicable |
| p Death or disability of franchisee | § 14 3 2 | Your heirs have 6 months after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications In that case, we will waive the transfer fee If your heirs do not meet our standards and qualifications, the heirs may sell to a person approved by us See "m" above |
| q Non-competition covenants during | §12 1 | Can not engage in "**Competitive Activities**" which means to, own, operate, lend to, advise, be |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| the term of the franchise | | employed by, or have any financial interest in (i) any restaurant 10% or more of whose gross sales is derived from the sale of pizza or calzone, other than a Pizza Studio Business operated pursuant to a validly subsisting Franchise Agreement, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 10% or more of whose gross sales is derived from the sale of pizza or calzone, (iii) any business engaged in the preparation, production or sale, at wholesale, of any pizza or calzone food product, or (iv) any business that develops, owns, operates, or franchises a Fast Casual Pizza Restaurant<br><br>"**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner (i) is not a controlling person of, or a member of a group which controls, such entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such entity<br><br>"**Fast Casual Pizza Restaurant**" means a restaurant or other establishment that derives 10% or more of its gross sales from the sale of pizza or calzone and that (i) has an average per-meal charge that is not less than 50% of the then-current average per-meal charge for Pizza Studio Businesses in the United States of America and no more than 150% of the then-current average per-meal charge for Pizza Studio Businesses in the United States of America, (ii) may or may not have dedicated seating, (iii) may or may not provide table service for the delivery of food and/or beverages, and (iv) does not provide table service for the collection of orders or payment |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| r Non-competition covenants after the franchise is terminated or expires | § 12 1 | No involvement in any Competitive Activities for three (3) years within the Protected Area and within a radius of 25 miles from any then existing Pizza Studio Business |
| s Modification of the agreement | § 18 8 | The Franchise Agreement may be modified only by written agreement between the parties |
| t Integration/Merger clause | §18 8 | Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable |
| u Dispute resolution by arbitration or mediation | §17 1 | The parties must mediate disputes before filing a lawsuit, except that judicial relief is permitted before mediation for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions Mediation must be completed within 60 days Mediation is held in Los Angeles |
| v Choice of forum | §17 2 and 17 3 | You and we agree that Los Angeles, California will be the venue for any litigation under the Franchise Agreement, and you and we both waive the right to a trial by jury to the maximum extent permitted<br><br>Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations, (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim, or (c) two (2) years after the first act or omission giving rise to an alleged claim, or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | subject to only the applicable state or federal statute of limitations<br><br>These provisions may be subject to applicable state law |
| w Choice of law | §18 7 | California law applies, except for the provisions respecting non-competition, which are governed by local law<br><br>These provisions may be subject to applicable state law |

**This table lists certain important provisions of the Area Development Agreement You should read these provisions in the agreement attached to this disclosure document**

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| a Length of the franchise term | §§ 1 1 and 4 1 | Typically 5 to 10 years or until you sign a Franchise Agreement for your last Pizza Studio necessary to satisfy your Development Obligation, whichever is earlier |
| b Renewal or extension of the term | §§ 2 4 and 4 2 | If you determine that further development of your Development Area is desirable you will deliver notice to us of such desire and set forth a plan for the development over a new term of Pizza Studio Businesses You and we will then negotiate for a period of 60 days to reach a mutually agreement development plan Each party may negotiate to protect its own interests<br><br>Unless we consent, you may not open more than the total number of Pizza Studio Businesses comprising your Development Obligation |

| Provision | Section in Area Development Agreement | Summary |
| --- | --- | --- |
| c Requirements for you to renew or extend | §§ 4 3 -4 4 | We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign an amendment to the area development agreement<br><br>You must (i) have fully performed your obligations, (ii) have demonstrated your financial capacity to perform, (iii) must operate the number of Pizza Studio Businesses required by your Area Development Agreement, and (iv) sign an amendment to your Area Development Agreement which will contain your additional development obligation and pay an additional development fee You and your affiliates who have a currently existing franchise agreement or area development agreement with us must sign a general release |
| d Termination by you | None | Not Applicable |
| e Termination by Us without cause | None | Not Applicable / See (f) relating to defaults under individual franchise agreements |
| f Termination by Us with cause | § 9 1 | We can terminate if you or any of your affiliates materially default under the Area Development Agreement, an individual Franchise Agreement, or any other agreement with us or any of our affiliates |
| g "Cause" defined - defaults which can be cured | § 9 1 | You have 5 days to cure non-payment of fees and 10 days to cure any other default, provided that in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement, the notice and cure provisions of such agreement will control |

| Provision | Section in Area Development Agreement | Summary |
| --- | --- | --- |
| h "Cause" defined - defaults which cannot be cured | None | Not Applicable / See (f) relating to defaults under individual franchise agreements |
| i Your obligations on termination/non-renewal | § 4 5 | You will have no further right to develop or operate additional Pizza Studio Businesses which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us You may continue to own and operate all Pizza Studio Businesses pursuant to then existing Franchise Agreements |
| j Assignment of contract by Us | § 7 1 | No restriction on our right to assign |
| k "Transfer" by you - definition | § 7 3 | Includes transfer of the agreement or change in ownership of a franchisee which is an entity |
| l Our approval of transfer by you | § 7 3 | Transfers require our express written consent, which consent may be withheld for any reason at all in our sole judgment |
| m Conditions for our approval of transfer | §§ 7 2 and 7 3 | You may not transfer your Area Development Agreement or any Franchise Agreement signed pursuant to the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all Franchise Agreements signed pursuant to the Area Development Agreement to the same assignee<br><br>At our election, the assignee must sign our then current form of Franchise Agreement for each Pizza Studio Businesses then developed or under development<br><br>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| | | ownership If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees<br><br>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials, indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering, and pay us a non-refundable $5,000 fee to reimburse us for our costs and expenses associated with reviewing the proposed offering |
| n Our right of first refusal to acquire your business | § 7 3 | We can match any offer for your business |
| o Our option to purchase your business | None | Not applicable |
| p Your death or disability | None | See also "m" above |
| q Non-competition covenants during the term of the franchise | § 8 1 | You can not engage in "Competitive Activities" (defined above) |
| r Non-competition covenants after the franchise is terminated or expires | § 8 2 | No involvement in any Competitive Activities for three (3) years within the Protected Area and within a radius of 25 miles from any then existing Pizza Studio Business |
| s Modification of the agreement | § 10 9 | The agreement may be modified only by written agreement between the parties |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| t Integration/merger clause | § 10 9 | Only the terms of the Area Development Agreement are binding (subject to state law) Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable |
| u Dispute resolution by arbitration or mediation | § 10 14 | The parties must mediate disputes before filing a lawsuit, except that judicial relief is permitted before mediation for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions Mediation must be completed within 60 days Mediation is held in Los Angeles |
| v Choice of forum | § 10 15 | You and we agree that Los Angeles, California will be the venue for any litigation under the Area Development Agreement, and you and we both waive the right to a trial by jury to the maximum extent permitted<br><br>Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations, (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim, or (c) two (2) years after the first act or omission giving rise to an alleged claim, or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations<br><br>These provisions may be subject to applicable state law |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| w Choice of law | § 10 8 | California law applies, except for the provisions respecting Non-Competition, which are governed by the law of the state in which you will operate<br><br>These provisions may be subject to applicable state law |

## ITEM 18
## Public Figures

We do not use any public figures to promote this 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 franchise and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provide the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with 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 Ron Biskin, Pizza Studio Franchise Company LLC, (888) 630-9406, the Federal Trade Commission, and the appropriate state regulatory agencies

## ITEM 20
## Outlets and Franchisee Information

**Table No 1**
**Systemwide Outlet Summary**
**For Years ~~2013~~2014 through ~~2015~~2016**

| Column 1<br><br>Outlet Type | Column 2<br><br>Year | Column 3<br><br>Outlets at the Start of the Year | Column 4<br><br>Outlets at the End of the Year | Column 5<br><br>Net Change |
|---|---|---|---|---|
| **Franchised** | ~~2013~~2014 | ~~0~~1 | ~~1~~20 | ~~1~~+19 |
| | ~~2014~~ | ~~1~~ | ~~20~~ | ~~+19~~ |
| | 2015 | 20 | 28 | +8 |
| | 2016 | 28 | 24 | -4 |
| **Company- and Affiliate-Owned** | ~~2013~~2014 | ~~1~~2 | ~~2~~4 | +~~1~~2 |
| | ~~2014~~ | ~~2~~ | 4 | ~~+2~~ |
| | 2015 | 4 | 6 | +2 |
| | 2016 | 6 | 7 | +1 |
| **Total Outlets** | ~~2013~~2014 | ~~1~~3 | ~~3~~24 | +~~2~~21 |
| | ~~2014~~ | ~~3~~ | ~~24~~ | ~~+21~~ |
| | 2015 | 24 | 34 | +10 |
| | 2016 | 34 | 31 | -3 |

**Table No 2**
**Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)**
**For Years ~~2013~~2014 through ~~2015~~2016**

| Column 1<br><br>State | Column 2<br><br>Year | Column 3<br><br>Number of Transfers |
|---|---|---|
| California | ~~2013~~2014 | 0 |
| | 2015 | 1 |
| | ~~2014~~2016 | 0 |
| **Total** | 2014 | 0 |
| | 2015 | 1 |
| | ~~2013~~2016 | 0 |
| | ~~2014~~ | ~~0~~ |
| | ~~2015~~ | ~~1~~ |

**Table No 3**
**Status of Franchised Outlets**
**For Years ~~2013~~2014 through ~~2015~~2016***

| Col 1 State | Col 2 Year | Col 3 Outlets at Start of Year | Col 4 Outlets Opened | Col 5 Terminations | Col 6 Non-Renewals | Col 7 Reacquired by Franchisor | Col 8 Ceased Opera-tions – Other Reasons | Col 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Alaska | ~~2013~~ 2014 | 0 | ~~0~~1 | 0 | 0 | 0 | 0 | ~~0~~1 |
| | ~~2014~~ 2015 | ~~0~~1 | ~~1~~0 | 0 | 0 | 0 | 0 | 1 |
| | ~~2015~~ 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Arizona | ~~2013~~ 2014 | 0 | ~~0~~3 | 0 | 0 | 0 | 0 | ~~0~~3 |
| | ~~2014~~ 2015 | ~~0~~3 | ~~3~~0 | 0 | 0 | 0 | 0 | 3 |
| | ~~2015~~ 2016 | 3 | 0 | 0 | 0 | 0 | ~~0~~2 | ~~3~~1 |
| California | ~~2013~~ 2014 | ~~0~~1 | ~~1~~8 | 0 | 0 | 0 | 0 | ~~1~~9 |
| | ~~2014~~ | ~~1~~ | ~~8~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~9~~ |
| | 2015 | 9 | 5 | 0 | 0 | 0 | 2 | 12 |
| | 2016 | 12 | 3 | 5 | 0 | 1 | 1 | 8 |
| ~~Idaho~~Colorado | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2015~~ 2016 | 0 | 1 | 0 | 0 | 0 | ~~1~~0 | ~~0~~1 |
| ~~Illinois~~Idaho | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ 2015 | 0 | ~~0~~1 | 0 | 0 | 0 | ~~0~~1 | 0 |
| | ~~2015~~ 2016 | 0 | ~~2~~0 | 0 | 0 | 0 | 0 | ~~2~~0 |
| ~~Kansas~~Illinois | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ 2015 | 0 | ~~1~~2 | 0 | 0 | 0 | 0 | ~~1~~2 |
| | 2016 | 2 | 1 | 0 | 0 | 0 | 2 | 1 |

| Col 1<br>State | Col 2<br>Year | Col 3<br>Outlets at Start of Year | Col 4<br>Outlets Opened | Col 5<br>Terminations | Col 6<br>Non-Renewals | Col 7<br>Reacquired by Franchisor | Col 8<br>Ceased Opera-tions – Other Reasons | Col 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| ~~Massachusetts~~ Kansas | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | ~~2013~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2014~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2015~~ 2016 | 0 | 1 | 0 | 0 | 0 | ~~1~~0 | ~~0~~1 |
| ~~Minnesota~~Massachusetts | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ 2015 | 0 | 1 | 0 | 0 | 0 | ~~0~~1 | ~~1~~0 |
| | ~~2015~~ 2016 | ~~1~~0 | 0 | 0 | 0 | 0 | 0 | ~~1~~0 |
| ~~New York~~Minnesota | ~~2013~~ 2014 | 0 | ~~0~~1 | 0 | 0 | 0 | 0 | ~~0~~1 |
| | ~~2014~~ 2015 | ~~0~~1 | ~~1~~0 | 0 | 0 | 0 | 0 | 1 |
| | ~~2015~~ 2016 | 1 | ~~2~~0 | 0 | 0 | 0 | 0 | ~~3~~1 |
| ~~Utah~~Missouri | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ 2015 | 0 | 40 | 0 | 0 | 0 | 0 | 40 |
| | ~~2015~~ 2016 | 40 | 1 | 0 | 0 | 0 | 0 | ~~5~~1 |
| New York | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 0 | 1 | 2 |
| Utah | 2014 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2016 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Washington | ~~2013~~ 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |

| Col 1<br><br>State | Col 2<br><br>Year | Col 3<br><br>Outlets at Start of Year | Col 4<br><br>Outlets Opened | Col 5<br><br>Termin-ations | Col 6<br><br>Non-Renewals | Col 7<br><br>Reacquired by Franchisor | Col 8<br><br>Ceased Opera-tions – Other Reasons | Col 9<br><br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Totals | ~~2013~~ 2014 | ~~0~~1 | ~~1~~19 | 0 | 0 | 0 | 0 | ~~1~~20 |
| | ~~2014~~ | ~~1~~ | ~~19~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~20~~ |
| | 2015 | 20 | 13 | 0 | 0 | 1 | 4 | 28 |
| | 2016 | 28 | 8 | 5 | 0 | 1 | 6 | 24 |

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time

Table No 4
**Status of Company- and Affiliate-Owned Outlets**
**For Years ~~2013~~2014 through ~~2015~~2016**

| Col 1<br><br>State | Col 2<br><br>Year | Col 3<br><br>Outlets at Start of Year | Col 4<br><br>Outlets Opened | Col 5<br><br>Outlets Reacquired from Franchisee | Col 6<br><br>Outlets Closed | Col 7<br><br>Outlets Sold to Franchisee | Col 8<br><br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| California | ~~2013~~2014 | ~~1~~2 | 1 | ~~0~~ | ~~0~~ | ~~0~~ | ~~2~~3 |
| | ~~2014~~ | ~~2~~ | ~~1~~ | | | | ~~3~~ |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 1 | 0 | 0 | 4 |
| D C | ~~2013~~2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | ~~2014~~2015 | 0 | ~~0~~1 | 0 | 0 | 0 | ~~0~~1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Kansas | 2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | ~~1~~0 | ~~0~~1 | 0 | 0 | 1 |
| | ~~2013~~2016 | ~~0~~1 | 0 | 0 | 0 | ~~0~~1 | 0 |
| | ~~2014~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2015~~ | ~~0~~ | ~~0~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| Maryland | ~~2013~~2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 1 |

| Col 1<br><br>State | Col 2<br><br>Year | Col 3<br><br>Outlets at Start of Year | Col 4<br><br>Outlets Opened | Col 5<br><br>Outlets Reacquired from Franchisee | Col 6<br><br>Outlets Closed | Col 7<br><br>Outlets Sold to Franchisee | Col 8<br><br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| | ~~2014~~2016 | ~~0~~1 | 0 | 0 | 0 | 0 | ~~0~~1 |
| Minnesota | 2014 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2015 | ~~0~~1 | ~~1~~0 | 0 | ~~0~~1 | 0 | ~~1~~0 |
| | ~~2013~~2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oklahoma | 2014 | 0 | ~~1~~0 | 0 | 0 | 0 | ~~1~~0 |
| | 2015 | ~~1~~0 | 0 | 0 | ~~1~~0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 1 |
| **Totals** | ~~2013~~2014 | ~~1~~2 | ~~1~~2 | 0 | 0 | 0 | ~~2~~4 |
| | ~~2014~~ | ~~2~~ | ~~2~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~4~~ |
| | 2015 | 4 | 2 | 1 | 1 | 0 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 7 |

Table No 5
**Projected Openings During ~~2016~~2017**

| **Column 1**<br><br>**State** | **Column 2**<br><br>**Franchise Agreements Signed in ~~2015~~2016 But Outlet Not Opened** | **Column 3**<br><br>**Projected New Franchise Outlets in ~~2016~~2017** | **Column 4**<br><br>**Projected New Company or Affiliate-Owned Outlets in ~~2016~~2017** |
|---|---|---|---|
| California | ~~2~~1 | ~~6~~2 | ~~1~~0 |
| ~~Colorado~~Utah | 0 | 1 | 0 |
| ~~Illinois~~ | ~~0~~ | ~~2~~ | ~~0~~ |
| ~~Kansas~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| ~~Virginia~~ | ~~0~~ | ~~3~~ | ~~0~~ |
| ~~Washington D C~~ | ~~0~~ | ~~2~~ | ~~0~~ |
| ~~Washington~~ | ~~0~~ | ~~1~~ | ~~0~~ |
| Philippines | ~~0~~1 | ~~1~~0 | 0 |
| Canada | 0 | 2 | 0 |
| **Total** | **2** | **~~16~~5** | **~~1~~0** |

A list of franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ending December ~~27, 2015~~25, 2016 or who have not communicated with us within 10 weeks of the date of this disclosure document is attached as Exhibit H See Exhibit H for a listing of the names, addresses and phone numbers of all of our current and former franchisees as of December ~~27, 2015~~ 25, 2016.

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

During the last three years, in some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with the "Pizza Studio" franchise system You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this Franchise Disclosure Document

## ITEM 21
## Financial Statements

Our audited financial statements for the years ending December ~~29 2013,~~28, 2014, December ~~28, 2014~~27, 2015 and December ~~27, 2015~~25, 2016 are attached as Exhibit E

## ITEM 22
## Contracts

Attached as Exhibit A is a copy of our current form of Franchise Agreement
Attached as Exhibit B is a copy of our current form of Area Development Agreement
Attached as Exhibit C is a copy of our current form of General Release
Attached as Exhibit D is a copy of our current form of Guaranty

## ITEM 23
## Receipts

You will find copies of a detachable receipt in Exhibit J at the end of this disclosure document

**Exhibit A**

**Franchise Agreement**

# FRANCHISE AGREEMENT

**By and Between**

**Pizza Studio Franchise Company LLC**

**and**

________________________________

## Table of Contents

# FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** (“**Agreement**”) is made this _____ day of __________, 201__ (“**Effective Date**”) by and between Pizza Studio Franchise Company LLC a Delaware limited liability company (“**Company**”), and ____________________, a(n) ______________________ (“**Franchisee**”)

## RECITALS

A Company and/or its Affiliates have developed (and may continue to develop and modify) a system for the operation of restaurants operated under the Marks (as defined below) that offer pizzas, calzones, Italian ice, beverages, and other authorized and/or approved products and services (individually, a “**Restaurant**” and collectively, the “**Restaurants**”)

B Company and/or its affiliates use, promote, and license others to use and promote certain trademarks, service marks, logotypes, and other commercial symbols in operating the Restaurants, including the “Pizza Studio” mark, and may, from time to time, create, use, and license other trademarks, service marks, and commercial symbols to identify and for use in operating Restaurants and for the offer and provision of foods, beverages and deserts, including pizzas, calzones, Italian ice, and other authorized and/or approved services (collectively, the “**Marks**”)

C Restaurants are developed and operated using the Marks and Company’s and its Affiliates’ specified and distinctive business formats, trade dress, practices, specifications, techniques, Confidential Information (defined below), training programs, methods, marketing materials and techniques, recipes, ingredients, copyrights, procedures, menus, uniforms, signs, designs, layouts, and Standards (defined below), all of which Company and/or its Affiliates may improve, further develop, or otherwise modify from time to time (the “**System**”)

D Company grants persons whom satisfactorily meet Company’s qualifications and whom confirm their willingness to undertake the investment and effort, a franchise to own and operate a single Restaurant Franchisee has applied for a franchise to obtain a Restaurant and has provided Company with certain information in support of its application

## AGREEMENT

**NOW, THEREFORE,** the parties agree as follows

## ARTICLE 1
## BASIC TERMS AND CERTAIN DEFINITIONS

1 1 <u>**Basic Terms**</u>

1 1 1 “**Initial Fee**” means $_____________

1 1 2 “**Location**” means ____________________________________
______________________________________________________

1 1 3 "**Operating Principal**" means (a) Franchisee, if Franchisee is an individual, or (b) ________________________, or such other individual hereafter designated by Franchisee, and accepted by Company (and until subsequently disapproved by Company) in accordance with this Agreement

1 1 4 "**Protected Area**" means the geographic area described on Exhibit A

1 2 **Certain Defined Terms** Unless otherwise defined in this Agreement, capitalized terms shall have the meanings set forth in Exhibit B

## ARTICLE 2
## GRANT

2 1 **Grant** Company hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one (1) Restaurant at the Location and only at the Location, upon the terms and subject to the provisions of this Agreement The license granted under this Agreement does not include the rights to (1) offer or sell products or services offered or sold by Restaurants at any location other than at the Location, or (2) offer or sell products or services offered or sold by Restaurants through any other channels of distribution, including delivery, catering, telephone, mail order, the internet (or any other existing or future form of electronic commerce), or distribution methods, other than methods of accepting orders that are authorized in writing by the Company

2 2 **No Sublicensing Rights** Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the Franchised Business or to use the System

2 3 **Territorial Rights** Subject to Section 2 4 and provided that Franchisee is in full compliance with this Agreement and all other Agreements between Company and Franchisee (or any of its Affiliates), then during the Term, neither Company nor its Affiliates will operate, or authorize any other individual or Entity to operate, a Restaurant, the physical premises of which are located within the Protected Area, except for Restaurants located at Non-Traditional Venues and as otherwise permitted in Section 2.4

2 4 **Reservation of Rights** Except to the limited extent expressly provided in Section 2 3, Franchisee's rights under this Agreement are nonexclusive and Company expressly reserves all other rights, including the exclusive, unrestricted rights, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others

2 4 1 to own or operate, and to license others to own or operate (i) Restaurants, the physical location of which are located outside of the Protected Area, regardless of proximity to the Protected Area, (ii) other businesses that provide goods and services within or outside of the Protected Area, regardless of proximity to the Protected Area, (iii) Restaurants and other businesses, the physical location of which are located at Non-Traditional Venues, and/or (iv) businesses operating under names other than under the Marks at any location, and of any type

whatsoever, regardless of their proximity to the Protected Area and whether or not such businesses use any portion of the System, offer similar products and services, or compete with Restaurants,

2 4 2 to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks to any Person, at or through any location or outlet (other than a Restaurant, the physical premises of which is located within the Protected Area, except for Restaurants located at Non-Traditional Venues), regardless of proximity to the Protected Area, and through any distribution channel, at wholesale or retail, including by means of the internet or internet web site, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates,

2 4 3 to advertise and promote the System through any means, including the internet or internet web site, temporary or permanent displays of products or services, including those offered or sold through Restaurants, television, radio, billboards, email, text message, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion,

2 4 4 to develop or become associated with other concepts (including dual branding and/or franchise systems), whether or not using the System and/or the Marks, and award franchises and/or licenses under other concepts for locations anywhere, and

2 4 5 to engage in any other activities not expressly prohibited by this Agreement

2 5 **Right of First Refusal for Non-Traditional Venues**

2 5 1 Notwithstanding Sections 2 3 and 2.4, Company hereby agrees that, if Franchisee is not then in breach of any of the terms of this Agreement or any other agreement between the parties, Company will not itself open, or franchise or license any third party to open, any Restaurant at any Non-Traditional Venue within the Protected Area during the Term, without first providing Franchisee a right of first refusal ("**Refusal Right**"), for at least 30 days (the "**Option Period**"), to execute a franchise agreement for such location, on Company's then-current form of franchise agreement, as the same may be reasonably amended for the applicable Non-Traditional Venue Franchisee must exercise said Refusal Right, if at all, by executing Company's applicable franchise agreement and delivering the executed franchise agreement and applicable initial franchise fee to Company within the Option Period If Franchisee fails to do so within the Option Period, Company may open and operate, or license a third party to open and operate a Restaurant at the subject Non-Traditional Venue

2 5 2 Notwithstanding Section 2.5.1, Company shall not be required to provide Franchisee the Refusal Right with respect to any location (i) for which the site owner or other controlling authority of the location has established operator qualification requirements, or other conditions, which Company knows or reasonably and in good faith believes Franchisee does not satisfy and which would not be waived or modified by the site owner or other controlling authority of the location to allow Franchisee to execute a franchise agreement for such location,

or (ii) if a grant of rights to Franchisee with respect to such location would conflict with a contractual obligation of Company or its Affiliates

## ARTICLE 3
## TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT

3 1 **Initial Term** The term of this Agreement ("**Term**") shall commence on the Effective Date and shall expire on the tenth ($10^{th}$) anniversary of the Opening Date (the "**Expiration Date**"), unless sooner terminated or extended in accordance with this Agreement

3 2 **Right to Enter into Successor Franchise Agreement**

3 2 1 Subject to the conditions contained in Section 3 4 and Franchisee's compliance with Section 3 3, at the expiration of the Term hereof, Franchisee shall have the right (the "**Successor Agreement Right**") to enter into a new franchise agreement on the then-current form generally being offered to prospective franchisees of Company operating under the Marks (the "**Successor Franchise Agreement**") for two (2) successive five (5) year periods (each a "**Successor Term**") Franchisee acknowledges that the terms of the Successor Franchise Agreement, including fees and royalties, will be substantially similar to new franchise agreements granted at the time and may materially differ from those contained in this Agreement

3 2 2 The term of the Successor Franchise Agreement shall commence upon the date of expiration of the Term, or Successor Term, as applicable, provided, however, that notwithstanding the terms of Company's then-current form of franchise agreement

(a) The first Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial fee, a renewal fee in an amount equal to 50% of the then-current initial franchise fee charged by Company in the state where the Franchised Business is located, but not less than $12,500, and

(b) the first Successor Franchise Agreement shall provide the right to enter into a successor franchise agreement as provided in the first Successor Franchise Agreement for one additional five (5) year term and that no further rights shall be granted to renew or enter into further successor franchise agreements

3 3 **Form and Manner of Exercising Successor Agreement Right** If available, the Successor Agreement Right shall be exercised only in the following manner

3 3 1 Between 9 months and 12 months before the expiration of the Term, Franchisee shall notify Company in writing ("**Notice of Election**") that it intends to exercise its Successor Agreement Right No sooner than immediately after the expiration of any waiting period(s) required by Applicable Law, and no more than 30 days after Franchisee receives Company's franchise disclosure document (if applicable), Franchisee shall execute the copies of the Successor Franchise Agreement and return them to Company

3 3 2 If Franchisee exercises its Successor Agreement Right in accordance with Section 3 3 1 and satisfies all of the conditions contained in Section 3 4, Company shall execute the Successor Franchise Agreements and promptly deliver one fully executed copy to Franchisee

3 3 3 If Franchisee fails timely to perform any of the acts, or timely to deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 such failure shall be deemed an election by Franchisee not to exercise its Successor Agreement Right and shall automatically cause Franchisee's Successor Agreement Right to lapse and expire

3 4 **Conditions Precedent to Entering into a Successor Franchise Agreement** Franchisee's Successor Agreement Right is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent

3 4 1 At the time Franchisee delivers its Notice of Election to Company, and at all times thereafter until the commencement of the Successor Term, Franchisee shall not have been, nor be, in default of its material obligations under this Agreement

3 4 2 Unless Franchisee has remodeled the Premises and the Franchised Business within the preceding 5 years as required by Section 5 5.2, at Company's request, Franchisee shall, prior to the date of commencement of the Successor Term, have undertaken and completed at its expense, the remodeling, renovation, modernization, or refurbishing of the Premises and the Franchised Business, which may include installation of new or replacement FFE to comply with the Standards for new Restaurants

3 4 3 Concurrently with the execution of the Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates to, execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees

3 5 **Notice Required by Law** If Applicable Law requires that Company give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Company has given the required notice and Company may extend the Term for such a period following the Expiration Date so that it may deliver to Franchisee any required notice If Company is not offering new franchises, is in the process of revising, amending or renewing its form of franchise or license agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement at the time Franchisee delivers its Notice of Election, Company may, in its discretion, (i) offer to renew this Agreement on the same terms for a Successor Term in accordance with Section 3 2, or (ii) offer to extend the Term on a week-to-week basis following the Expiration Date for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement

## ARTICLE 4
## PAYMENTS

4 1 **Initial Fee** Before the Opening Date, Franchisee shall pay to Company the Initial Fee The Initial Fee is non-refundable, in whole or in part, under any circumstances

4 2 **Continuing Royalty** Franchisee shall pay to Company, a continuing royalty (the "**Continuing Royalty**") equal to 5 5% of Franchisee's Gross Sales during the preceding Accounting Period

4 3 **Brand Fee** Franchisee shall pay to Company a Brand Fee (the "**Brand Fee**") of up to 2% of Franchisee's Gross Sales (as the same may be specified by Company from time to time upon notice to Franchisee) during the preceding Accounting Period Notwithstanding the foregoing, unless otherwise specified in writing by Company, the Brand Fee shall not exceed 0% in 2016, 1% in 2017 and 2% thereafter Company shall contribute the Brand Fee to the Brand Fund to be administered in the manner provided in Section 8.3 (the "**Brand Fund**")

4 4 **Timing of Payments** The Continuing Royalty, the Brand Fee, and all other amounts then owed to Company, together with a statement of Franchisee's Gross Sales for the applicable Accounting Period (certified as complete and accurate by a duly authorized representative of Franchisee) shall be due no later than the first (1st) business day after each Accounting Period during the Term, without offset or deduction

4 5 **Opening Promotions** Franchisee shall, in addition to the advertising and promotion required by ARTICLE 8, develop a written pre-opening and opening promotional plan, which plan must be submitted to Company and approved in writing by Company prior to the Opening Date Company shall not unreasonably withhold, condition or delay its approval of such promotional plan

4 6 **EFT and Pre-Authorized Payments** At Franchisee's sole cost and expense, Franchisee shall instruct its bank to make all payments due under this Agreement directly to Company from Franchisee's account, by electronic funds transfer, electronic or automatic debit, or such other automatic payment mechanism which Company may designate ("**EFT**") Promptly upon Company's request, Franchisee shall execute or re-execute and deliver to Company such pre-authorized check forms and other instruments or drafts required by Company's bank to enable Company unilaterally to draw all sums payable under the terms of this Agreement Company's current form of EFT authorization is attached as Exhibit C Franchisee shall also maintain a single bank account for such payments and shall maintain the minimum balance in such account as Company may reasonably specify from time to time, but not less than amounts sufficient funds cover all Continuing Royalties, Brand Fees, and other payments to Company Franchisee shall not alter or close such account except with Company's prior written approval If Franchisee fails to provide required reports of Gross Sales, Company may withdraw funds based on Company's estimate of Franchisee's Gross Sales Such estimate shall be based on Franchisee's historically reported Gross Sales, or other reasonable basis selected by Company Company may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than EFT automatic debit (e g , by check) whenever Company deems appropriate, and Franchisee agrees to comply with Company's payment instructions

4 7 **Other Payments**

4 7 1 Franchisee shall also pay to Company, its Affiliates and designees, as applicable, promptly when due

(a) all amounts advanced by Company or which Company has paid, or which Company has become obligated to pay on behalf of Franchisee for any reason whatsoever, and

(b) all amounts due for any reason, including for the purchase of goods, supplies or services relating to the Franchised Business

4 7 2 Franchisee shall remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers

4 8 <u>**Application of Funds**</u> If Franchisee becomes delinquent in the payment of any obligation to Company or its Affiliate under this Agreement or any other agreement, Company shall have the absolute right to apply any payments received from Franchisee to any obligation owed Company or its Affiliate, notwithstanding any contrary designation by Franchisee

4 9 <u>**Interest and Charges for Late Payments**</u> If Franchisee fails to pay to Company all sums owed to Company or its Affiliates promptly when due, Franchisee shall pay a late fee of 1% per month of the amount due plus interest on the unpaid amounts from the date due, at the rate of 12% per annum, or the highest rate allowable under Applicable Law, whichever is less If any check, draft or electronic transfer is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Company's expenses arising from such non-payment, including bank fees in the amount of at least $50 00, or the maximum amount allowable under Applicable Law, whichever is less

## ARTICLE 5
## SITE SELECTION, CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5 1 <u>**Site Selection**</u>

5 1 1 If an address has been inserted in the space provided in <u>Section 1 1.2</u> on the Effective Date, then the Restaurant to be developed and operated under this Agreement shall be located at the Location Franchisee acknowledges that it has independently investigated and located, and Company (based upon the information provided by Franchisee) accepted the Location

5 1 2 If no Location has been inserted in the space provided in <u>Section 1.1.2</u>, then promptly following the Effective Date, Franchisee shall promptly locate one or more proposed sites at Venues that meet the Standards Franchisee shall submit in a form prescribed by Company such demographic and other information regarding the proposed site(s) and neighboring areas as Company shall reasonably require ("**Site Review Request**") Company may seek such additional information as it deems reasonably necessary, and Franchisee shall respond promptly to each request Company may accept or reject a proposed site in its sole discretion If Company accepts a proposed site it shall notify Franchisee in writing and the site shall be deemed to be the "Location " If Company does not deliver written notice of acceptance or rejection to Franchisee within 7 days of receipt of Franchisee's Site Review Request, or within 5 days after receipt of additional requested information, whichever is later, the site shall be deemed accepted Franchisee shall not enter into a lease or purchase agreement for the Location unless and until the site has been accepted Company may impose a fee of $2,500 per each Site Review Request if Company reasonably determines that Franchisee has submitted a number of Site Review Requests that exceed the typical necessary for Franchisee to find a site that is

acceptable to Company Franchisee must obtain Company's acceptance of a proposed site within 90 days following the Effective Date

5 1 3 Franchisee acknowledges that it is solely responsible for finding the Location for the Restaurant it develops pursuant to this Agreement Although Company may assist Franchisee in obtaining or evaluating an acceptable location, Company is not required to visit any proposed site Company's assistance, if any, and its acceptance of a location is solely an indication that the Location meets Company's minimum Standards and such acceptance shall not be construed as an express or implied representation or warranty that the Location will be profitable or successful

5 2 **Lease or Purchase of Location**

5 2 1 Promptly following Company's acceptance of the Location, Franchisee shall proceed to negotiate a lease for the Location or purchase agreement for the Location Franchisee shall submit a copy of the proposed lease or purchase agreement to Company within 10 days following Company's acceptance of the Location If the Location is leased or subleased, (i) the lease for the Location shall name Franchisee as the sole lessee and it may not be assigned or sublet without Company's prior written consent, (ii) Company shall have the right to review and accept or reject the lease for the Location, Company shall not unreasonably withhold its acceptance of the lease, (iii) Franchisee shall not create any obligations on behalf of Company, or grant to lessor any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement, (iv) the lease for the Location shall be for a term (including options) which is not less than the Term (and the Successor Term), unless Company approves a shorter term of the lease in writing, (v) the lease for the Location shall not contain a non-competition covenant which purports to restrict Company, or any franchisee or licensee of Company (or its Affiliates), from operating a Restaurant or any other retail establishment, unless such covenant is approved by Company in writing prior to the execution of the lease for the Location, (vi) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the lease, and (vii) a fully executed copy of the lease for the Location shall be delivered to Company promptly following its execution and upon Company's request The lease for the Location shall include the addendum attached as Exhibit D unless Company otherwise consents in writing

5 2 2 If the Location is being purchased by Franchisee, the purchase and sale contract shall be subject to Company's review and acceptance, which acceptance shall not be unreasonably withheld A true and correct copy of the proposed contract shall be delivered to Company at least 10 days prior to execution, and a true and correct copy of the executed contract shall be furnished to Company within 10 days after execution

5 2 3 Franchisee hereby authorizes Company and lessor to communicate with one another for any purpose, including de-identification of the Location following the termination or expiration (including nonrenewal) of this Agreement or the lease for the Location, Franchisee's sales, Franchisee's defaults under this Agreement or the lease for the Location, and negotiating a lease for the Location following the termination or expiration of the lease for the Location

5 2 4 Company's review and acceptance of the lease for the Location or purchase agreement is solely for Company's benefit and is solely an indication that the lease for the Location or purchase agreement meets Company's minimum Standards (which may be different than the requirements of this Agreement) and such review and acceptance shall not be construed as any express or implied representation or warranty that the lease for the Location or purchase agreement complies with Applicable Law, represents a transaction that is fair or in Franchisee's best interest, that the terms are favorable to Franchisee, or that the location will be successful

5 3 <u>**Construction and Development of the Restaurant**</u>

5 3 1 Franchisee is responsible for developing and constructing the Franchised Business at its expense Before the renovation and construction of the Franchised Business or the Location, Company shall provide Franchisee with copies of Company's Standards for the design and layout of a typical Restaurant and mandatory items of FFE (such as TURBOCHEF ovens) and other suggested items of FFE, decor, trade dress, inventory, Information Systems, telephone systems, and other items Company or its Affiliate will also provide Franchisee advice and assistance regarding the design and layout of the Franchised Business Franchisee shall at its sole cost and expense promptly and diligently cause the Premises and Franchised Business to be designed, constructed, equipped and improved in accordance with the Standards, unless Company agrees to modifications in writing

5 3 2 Franchisee shall only employ licensed and bonded architects, engineers and general contractors, that that have been approved by Company, to prepare all architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Franchised Business and Premises in accordance with the Standards and Applicable Law Franchisee acknowledges that Standards (including layouts) provided by Company may not comply with Applicable Law and it is Franchisee's responsibility to modify the Standards (including layouts) to comply with Applicable Law, subject to Company's acceptance as provided below All drawings and plans shall be submitted to Company for its prior review and acceptance before Franchisee's commencement of construction, which acceptance shall not be unreasonably withheld, conditioned or delayed All drawings and plans shall be submitted to Company with a construction and build-out calendar reflecting that the construction and development of the Franchised Business will be completed within the time periods required by this Agreement If Company does not deliver written notice that Company accepts or rejects such plans or drawings within 10 days, the plans or drawings shall be deemed accepted

5 3 3 Franchisee acknowledges that Company's review and acceptance of Franchisee's drawings and plans is limited to ensuring Franchisee's compliance with Company's Standards Company's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations Company will have no liability with respect to construction of the Location, nor shall Company be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Franchised Business, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating or stocking of the Franchised Business, or any other reason Franchisee expressly acknowledges and agrees that Company does not warrant or guaranty that the design,

decor, appearance, FFE, inventory requirements, layout, and/or other improvements of the Franchised Business will ensure Franchisee's success

5 4 **<u>Opening of the Franchised Business</u>**

5 4 1 Franchisee shall not open the Franchised Business to the public until (a) Franchisee has properly developed and equipped the Franchised Business in accordance with the Standards and Applicable Law, (b) all pre-opening training for Franchisee's personnel has been completed to Company's reasonable satisfaction, (c) Franchisee has obtained all Permits to operate the Franchised Business, (d) Company has provided Franchisee with its written authorization to open and commence operation of the Franchised Business, which authorization shall not be unreasonably withheld, conditioned or delayed, and (e) Franchisee has paid the Initial Fee Company's authorization to open the Franchised Business are to confirm that Franchisee complies with the Standards, and shall not be construed as an express or implied representation or warranty that the Location complies with Applicable Law or that the construction is sound or free from defects The date after Company issues its written authorization to open and commence operation of the Franchised Business on which the Franchised Business actually opens for business to the public is the opening date and shall be evidenced by an opening certificate, in a form prescribed by Company, delivered by Franchisee to Company and countersigned by Company, provided, however, that if the parties fail to execute an opening certificate for any reason, the Opening Date shall be as determined by Company in good faith, whose determination shall bind both parties ("**Opening Date**")

5 4 2 Subject only to Force Majeure, Franchisee shall complete construction or renovation of the Premises and the Franchised Business, obtain all required Permits and Company's written authorization to open, and commence operation of the Franchised Business as soon as possible, but in any event within 180 days after the Effective Date, unless Company consents in writing to a longer period of time The time periods for the commencement and completion of construction and the commencement of operation of the Franchised Business are of the essence of this Agreement

5 5 **<u>Maintaining and Remodeling of Franchised Business</u>**

5 5 1 Franchisee shall maintain the condition and appearance of the Franchised Business in a "like new" level of appearance and operation consistent with the image of Restaurants as attractive, clean, and efficiently operated, offering high quality goods and services, courteous service, and pleasant ambiance If at any time in Company's reasonable judgment, the state of repair, appearance, cleanliness or functionality of Franchised Business (including the Premises and non-Franchised Business portion of the Premises and parking areas) or its FFE, decor and trade dress fail to meet the Standards, Company shall provide written notice to Franchisee Franchisee shall promptly upon receipt of notice correct such deficiencies, that may include replacing worn out or obsolete FFE, signage, decor and trade dress, repairing and repainting the interior and exterior of the Franchised Business, the Premises and appurtenant parking areas (if any), and modifying the decor and layout of the Franchised Business to implement changes in required Standards, all within the time period(s) prescribed by Company Without limiting the foregoing, Franchisee shall immediately abate, replace, and remove any graffiti in or about the Premises

5 5 2 In addition to Franchisee's obligations under Section 5 5 1, but not more frequently than once every five (5) years during the Term, and as a condition to Franchisee's exercising its Successor Agreement Right, Company may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Franchised Business to conform to the Standards Such remodeling may include structural changes to the Franchised Business and replacement or modification of FFE, decor, and trade dress as well as such other changes as Company may direct Franchisee shall undertake such work upon notice from Company, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same (and no later than the commencement of the Successor Term), unless Company expressly agrees to a longer period of time Franchisee shall provide Company with a time schedule for the construction and remodeling of the Franchised Business Company shall not be liable to Franchisee on account of any lost income, profits, opportunities, or otherwise as a result of being required to undergo the remodeling

5 5 3 If the Franchised Business is damaged or destroyed by fire or any other casualty, Franchisee shall commence such repairs or reconstruction within 60 days, and thereafter diligently pursue such repairs or reconstruction to completion, any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within six (6) months following the event causing the damage or destruction If, in Company's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Franchised Business in conformance with the Standards for new Restaurants, Company may require that Franchisee repair or reconstruct the Premises and Franchised Business in conformance with the Standards for new Restaurants

5 6 **Relocating the Franchised Business** Franchisee may not relocate the Franchised Business without Company's prior written consent, which consent shall not be unreasonably withheld if the premises to which the Franchised Business will be relocated is within the Protected Area and, in Company's reasonable judgment, the relocated Franchised Business would not (1) conflict with contractual obligations of the Company and/or its Affiliates to third parties, and/or (2) interfere with the trade area of another Restaurant If Company consents to a relocation (i) Franchisee shall de-identify the former location in the manner described in ARTICLE 15, and (ii) reimburse Company for the costs it incurs in connection with the relocation

5 7 **Force Majeure** If Franchisee claims an event of Force Majeure, Franchisee shall provide prompt written notice to Company The notice must (i) state that Franchisee believes that an event of Force Majeure has occurred and expressly include the words "Force Majeure," (ii) describe the circumstances of the event with particularity, and (iii) describe how the Force Majeure has impacted Franchisee's performance under this Agreement Franchisee must also provide all other information as may be requested by Company and periodic updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure Thereafter, Franchisee must notify Company immediately upon cessation of Force Majeure

## ARTICLE 6
## TRAINING

6 1 **<u>Initial Training</u>**

6 1 1 The Operating Principal and Franchisee's general manager shall successfully complete, to Company's reasonable satisfaction, an initial training program in the Standards and the operation of a Restaurant ("**Initial Training Program**") Company may modify the content and manner of conducting the Initial Training Program in its discretion from time to time Prior to opening the Franchised Business, Company shall provide the Initial Training Program to two (2) persons selected by Franchisee, one of whom must be the Operating Principal and one of whom must be Franchisee's initial general manager The Initial Training Program will be conducted at Company's training facilities in California or at other approved training facility(ies) specified by Company, and may include classroom training, instruction at Company or franchisee facilities, remote training, and/or a self-study program The Initial Training Program shall be approximately 21 days long for all attendees Franchisee will pay Company's then-current training fees and reimburse Company for its Travel Expenses if Company provides the Initial Training Program to any person designated by Franchisee in excess of the first two (2) referred to above or if Company requires either or both of the initial trainees to undergo additional training to complete the Initial Training Program to Company's satisfaction The Operating Principal and Franchisee's initial general manager shall complete the Initial Training Program to Company's reasonable satisfaction not less than four (4) weeks prior to Franchisee opening the Franchised Business to the public Company shall not be obligated to provide the Initial Training Program if this Agreement is (i) the second or subsequent agreement between Franchisee (or any of its Affiliates) and Company, (ii) a Successor Franchise Agreement, or (iii) is signed in connection with an assignment or transfer of a Restaurant Company may require the Operating Principal and/or Franchisee's general manager to undergo additional training to complete the Initial Training Program

6 1 2 Franchisee may not open and operate the Franchised Business until (i) the Operating Principal shall have completed the Initial Training Program to Company's reasonable satisfaction, (ii) Franchisee's initial general manager shall have completed the Initial Training Program to Company's reasonable satisfaction or, if this Agreement relates to Franchisee's or its Affiliates second or subsequent Restaurant, the Operating Principal has trained the such general manager in accordance with the Manual(s), and (iii) Franchisee has successfully trained a number of employees reasonably necessary to operate the Franchised Business in accordance with the Manual(s)

6 2 **<u>On-Site Opening Assistance</u>** Commencing shortly before and ending shortly after the Franchised Business opens to the public, Company shall provide Franchisee with up to 10 days of on-site training and assistance ("**On-Site Training**") to the Operating Principal and other employees The number and identity of the representative(s) providing On-Site Training will be determined by Company On-Site Training will be at Company's discretion and its scheduling and capacity requirements Company reserves the right to extend the duration of On-Site Training if Company finds that Franchisee's personnel have not completed required training to Company's satisfaction The On-Site Training will be structured to provide additional practical training and assistance in the implementation and operation of a Restaurant Company

shall not be obligated to provide On-Site Training if this Agreement is (i) the second or subsequent agreement between Franchisee (or any of its Affiliates) and Company, or (ii) a Successor Franchise Agreement Notwithstanding the foregoing, in Company's discretion, Company may require Franchisee to accept On-Site Training although this Agreement is (i) the second or subsequent agreement between Franchisee (or any of its Affiliates) and Company, or (ii) a Successor Franchise Agreement If Company shall provide in excess of 10 days of On-Site training, Franchisee shall pay Company's then-current per day training fee In all cases, Franchisee shall reimburse Company for its Travel Expenses in connection with On-Site Training

6 3 **Staffing and Staff Training** At all times, Franchisee must actively employ and have working in the Franchised Business at least one (1) person that has successfully completed the Initial Training Program or that has been fully and adequately trained by the Operating Principal in accordance with the Standards The Operating Principal shall, to Company's reasonable satisfaction, train each of Franchisee's other employees At all times during the Term, Franchisee shall employ an adequate staff of employees working in the Franchised Business who shall have been fully and adequately trained, in Company's judgment

6 4 **Additional Training and Other Assistance**

6 4 1 Periodically during the Term, Company may require the Operating Principal and other Franchised Business personnel (whether they are existing or newly-hired employees) to attend and satisfactorily complete various training courses, programs and conventions that Company chooses to provide, and/or that Company requires Franchisee to provide or attend, at the times and locations that Company designates Such additional training may be conducted live (at the Company's office, business location or a franchised location), through a live or prerecorded conference, webinar, or internet enabled training program, or by means of a self-study program

6 4 2 At Franchisee's reasonable request, Company may, but shall not be obligated to (i) cause its field representatives to visit the Franchised Business to advise, consult with or train Franchisee in connection with its performance and operation of the Franchised Business and Franchisee's compliance with the Standards, or (ii) permit Franchisee or certain of its employees to obtain assistance, consultation or additional training at a Restaurant selected by Company Any additional assistance, consultation or training by Company shall be at its discretion and subject to its scheduling and capacity requirements Franchisee may contact Company's headquarters staff, its field representatives and training staff by telephone, electronic mail, facsimile, or other means of correspondence, about questions relating to the operation of the Franchised Business and the goods and services offered and sold at the Franchised Business At no time shall reasonable efforts to provide Ongoing Assistance be interpreted to require Company to pay any money to or on behalf of Franchisee or to defer Franchisee's obligation to pay any sums to Company

6 4 3 Company may charge reasonable fees and require reimbursement for Travel Expenses for those training courses, programs and conventions that it administers or provides

6 5 **Training Expenses and Company's Judgment** Franchisee shall bear all expenses incurred by Franchisee and/or its employees in connection with training, including Travel Expenses Company shall pay no compensation for any services performed by trainee(s) in connection with training or other assistance, including for providing services at a Company or another licensee's or franchisee's Restaurant If any training requires travel by Company's employees or representatives, Franchisee will reimburse Company for all Travel Expenses incurred by Company Company shall determine the contents and manner of conducting all training programs referenced in this Article Franchisee acknowledges that because of Company's superior skill and knowledge with respect to the training and skill required to develop and operate a Restaurant, its judgment as to whether or not a person has satisfactorily completed the Initial Training Program, and/or all additional or other training programs shall be determined by Company

## ARTICLE 7
## FRANCHISED BUSINESS OPERATIONS AND STANDARDS

7 1 **Compliance with Standards and Applicable Law** Franchisee acknowledges and agrees that operating and maintaining the Franchised Business according to the System and Standards are essential to preserve the goodwill of the Marks and all Restaurants Therefore, Franchisee shall participate in the System and operate the Franchised Business in strict compliance with the Standards and Manual(s) The Standards and the Manuals(s) may regulate any or all aspects of the operation and maintenance of the Franchised Business Without limiting the foregoing, Franchisee shall operate the Franchised Business as a clean, orderly, lawful and respectable place of business in accordance with the Standards and in accordance with Applicable Law Franchisee shall not knowingly cause or allow any part of its Franchised Business to be used for any immoral or illegal purpose Franchisee at all times shall provide high quality and professional, prompt, courteous, and efficient goods and services to customers and at all times at professionally and courteous to members of the public Franchisee will conform to the highest standards of honesty, integrity, fair dealing and ethical conduct Franchisee shall not engage in any action which will cause Company to be in violation of any Applicable Law Franchisee shall refrain from engaging in action (or failing to take any action), which in the reasonable opinion of Company, causes or could cause damage, harm or injury to the Marks, and/or System

7 2 **Operating Principal and Management Employees**

7 2 1 The Operating Principal shall be responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Franchised Business Franchisee represents and warrants that the Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Business The Operating Principal shall (a) devote full time and best efforts solely to operation of all Restaurants owned or operated, by Franchisee or its Affiliates in same geographic region and to no other business activities, (b) meet Company's educational, experience, financial and other reasonable criteria for such position, as set forth in the Manual(s) or otherwise in writing by Company, and (c) have successfully completed the Initial Training Program to Company's

reasonable satisfaction If during the Term the Operating Principal is no longer able to serve, or no longer qualifies to act in accordance with this Section, Franchisee shall promptly notify Company Franchisee shall then promptly, but not later than 30 days after the prior Operating Principal ceases to serve or qualify (w) designate a replacement Operating Principal who meets the Standards and otherwise complies with this Section, (x) provide Company with such information about the new Operating Principal as Company may reasonably request, and (y) cause the replacement Operating Principal to satisfactorily complete the Initial Training Program to Company's reasonable satisfaction Company's acceptance of the Operating Principal shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance Company may, but is not required to, deal exclusively with the Operating Principal in all regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who is accepted by Company

7 2 2 Franchisee shall ensure that the operation of the Franchised Business is at all times under the control and supervision of the Operating Principal Franchisee shall supervise, direct and be responsible for in all respects, the activities and performance of the Operating Principal and employees of Franchisee and shall ensure compliance with the Standards and this Agreement

7 3 **Computer/Information Systems**

7 3 1 Franchisee shall purchase, use and maintain the Information Systems specified in the Manual(s) in accordance with the Standards The Information Systems must at all times be connected to one or more high-speed communications media reasonably acceptable to Company and permit access to the internet 24 hours per day, 7 days per week At Company's direction, Franchisee must electronically link the Information Systems to Company or its designee Franchisee shall allow Company and/or its designee to access the Information Systems and stored files and data, including customer information, daily sales information and sales mix information (the "**IS Data**"), and to independently access the Information Systems, including the IS Data, via any means including electronic polling and uploads, with or without notice Franchisee acknowledges that Company owns the IS Data that is stored on Franchisee's Information Systems and Franchisee assigns to Company any and all rights Franchisee may have in the IS Data Company may periodically establish policies in the Manual(s) respecting the Franchisee's use of the IS Data Company cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Company from time to time Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Company at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Company

7 3 2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or non-business related activity Franchisee shall not install or use, and shall

prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems Franchisee shall take all commercially reasonable measures to insure that the Information Systems are used strictly in accordance with the Standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access (via LAN, WAN, internet or otherwise), use, perform support and installation functions and conduct transactions with the Information Systems Franchisee shall take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems Franchisee shall at all times provide Company with all passwords, access keys and other security devices or systems as necessary to permit Company to access the Information Systems and obtain the data Company is permitted to obtain Company reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations

7 3 3 If Company shall designate certain computer software or hardware which is owned or licensed by Company ("**Proprietary Systems**"), Franchisee shall at Company's request license or sublicense such hardware or software from Company or its designee and enter into a (sub)license agreement on Company's or such designee's then-current form From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Systems Company and its Affiliates may charge Franchisee reasonable up-front and reasonable ongoing fees for any Proprietary Systems that Company or its Affiliates license to Franchisee Company may provide to Franchisee, for a reasonable fee, such support services relating to the Proprietary Software as Company deems advisable

7 3 4 Company may modify the Standards relating to the Information Systems and Proprietary Systems which may require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software Franchisee must incorporate any required modifications or additions within a reasonable period days after receiving written notice from Company

7 3 5 Within a reasonable time upon Company's request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, loyalty and gift cards and other non-cash payment methods as specified from time to time by Company Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended, and similar standards and specifications

7 4 **Manual(s), Modification of System**

7 4 1 As soon as practicable following the execution of this Agreement and Company's completion of its Manual(s), Company shall lend to Franchisee one copy of the Manual(s), unless Franchisee has entered into this Agreement as a Successor Franchise Agreement The Manual(s) may be delivered to Franchisee in any media utilized by Company for delivery of the Manual(s) The Manual(s) and all amendments to the Manual(s) (and copies) are copyrighted and remain Company's exclusive property They are loaned to Franchisee for the Term, and must be returned to Company immediately upon the termination or expiration (including nonrenewal) of this Agreement The Manual(s) are highly confidential documents

which contain certain Confidential Information of Company Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manual(s) except as reasonably necessary to perform Franchisee's obligations under this Agreement Franchisee must immediately notify Company if all or any portion of the Manual(s) loaned to Franchisee is lost, or destroyed, or any electronic security measures are violated or breached

7 4 2 The subject matter of the Manual(s) may include forms, information relating to product specifications, recipes, purchase orders, hours of operation, Standards, general operations, labor management, Gross Sales reports, reporting requirements, training and accounting, sanitation, staff certification, design specifications and uniforms, display of signs and notices, authorized and required Information Systems, inventory requirements, equipment requirements, FFE, Mark usage, insurance requirements, lease requirements, ownership requirements, decor, standards for management, personnel and hours of operation, local advertising formats, maintenance and appearance requirements, procedures upon the occurrence of a Crisis Management Event, procedures regarding and notices to customers about complaints and feedback submission, participation in surveys and mystery shopper programs, and such other matters and policies as Company may elect to include

7 4 3 Company has the right to develop, operate and change the System in any manner, and Company shall have the right to modify the Standards and Manual(s) at any time (by the addition, deletion or other modification to the provisions thereof), but no such modifications shall alter Franchisee's fundamental status under this Agreement Modifications to the Standards and/or Manual(s) shall become effective upon delivery of written or electronic notice to Franchisee unless a longer period is specified or set forth in this Agreement Electronic notice may be given through e-mail, postings to the Intranet, or other electronic means Franchisee agrees that Company reserves the right and privilege, in its discretion, to vary the Manual(s) and Standards for any franchisee or group of franchisees based on the peculiarities of any condition or factors that Company considers important Franchisee has no right to require Company to grant Franchisee a similar variation or accommodation The Manual(s) are an integral part of this Agreement

7 5 **Best Efforts** Franchisee shall diligently operate the Franchised Business in a manner calculated to achieve the maximum Gross Sales possible from the Franchised Business Without limiting the foregoing and unless different hours are set forth in the Manual(s), the Franchised Business must be open and operating and actively accept telephone calls and be capable of accepting messages during the hours the hours set forth in the Manual(s)

7 6 **Notification of Legal Proceedings, Crisis Management Events**

7 6 1 Franchisee shall notify Company in writing promptly (but in any event within 1 day) after Franchisee receives notice of (i) any violation, report, fine, test result or the like from a Governmental Authority, (ii) the commencement of any incident that Franchisee reasonably believes may adversely affect the operation or financial condition of Franchisee, the Franchised Business or the System, (iii) the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other Governmental Authority that pertains to the Franchised Business, the Marks or the System, or (iv) any other event or circumstance that may adversely affect

Franchisee's operation of the Franchised Business or ability to meet its obligations Franchisee shall promptly send a copy of all relevant communications and documents to Company Franchisee shall correct any deficiencies within 5 days or such fewer number of days as required by Applicable Law or the Governmental Authority

7 6 2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Company by telephone and email (or other electronic messaging medium authorized by Company for this purpose) Franchisee shall cooperate fully with Company with respect to Company's response to the Crisis Management Event In the event of the occurrence of a Crisis Management Event, Company may require Franchisee to temporarily cease operating the Franchised Business and/or establish emergency processes and procedures pursuant to which Company may require Franchisee to take other actions or refrain from taking certain actions Company shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby by any closure or processes or procedures instituted as a result of a Crisis Management Event

7 7 **Signs** Franchisee shall maintain approved signs and/or awnings identifying the Franchised Business, which shall conform in all respects to the Standards and the layout and design plan approved for the Franchised Business, subject only to restrictions imposed by Applicable Law On receipt of notice by Company to alter any existing sign and in connection with any required remodeling of the Premises, Franchisee will complete the required changes within a reasonable time period, at its cost Company shall reimburse Franchisee for the cost of any required changes in Franchisee's signs and/or awnings if Company requires Franchisee to implement a change to the same (other than as a result of the Franchisee's failure to comply the Standards) more than 2 times in any 6 consecutive month period

7 8 **Uniforms and Employee Appearance** Franchisee shall cause all of its personnel while working for Franchised Business to (i) wear uniforms in accordance with the Standards, and (ii) present a neat and clean appearance Franchisee shall not permit personnel to wear the required uniform except while working in the Franchised Business, or while commuting to and from work in the Franchised Business Company may alter the style or type of uniform from time to time Unless Company otherwise consents in writing, Franchisee's employees working in the Franchised Business shall be dedicated solely to the Franchised Business and shall not work at any other business owned or operated by Franchisee

7 9 **Co-Branding** Franchisee may not engage in any co-branding in or in connection with the Franchised Business except with Company's prior written consent "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by an entity other than Company that is featured or incorporated with the Franchised Business and operated in a manner which is likely to cause the public to perceive it to be related to the Franchised Business

7 10 **Intranet**

7 10 1 Company may, at its option, establish and maintain an Intranet through which licensees or franchisees may communicate with each other, and Company may disseminate the Manual(s), updates and other confidential information Company shall have

discretion and sole control over all aspects of the Intranet, including its content and functionality If Company establishes such an Intranet, Franchisee shall acquire, maintain, and update, as reasonably necessary, a computer and software necessary to enable Franchisee to participate on the Intranet Company will have no obligation to maintain the Intranet, and may discontinue it at any time without liability

7 10 2 If established and if Franchisee is in compliance with its obligations under this Agreement, Franchisee will be given the privilege to use the Intranet subject to Franchisee's compliance with Company's then-current standards of use and usage agreement Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert At Company's request, Franchisee shall contribute a reasonable amount toward the cost of the Intranet's maintenance, as imposed from time to time by Company Such contribution shall be established by Company annually and shall be payable within 30 days of demand

7 11 **Insurance** Franchisee shall obtain and maintain at all times during the Term insurance coverage in the types and the minimum amounts of coverage set forth on Exhibit E, which amounts are subject to increase as set forth in the Manual(s) Each policy of insurance shall designate Company and its designated Affiliates as additional named insureds All policies shall include a waiver of any rights of subrogation that Franchisee and its insurer(s) might otherwise have against Company and its Affiliates Any deductibles or self-insured retentions in excess of $5,000 must be approved by Company, such approval not to be unreasonably withheld In the event of damage to the Franchised Business, the proceeds of insurance shall be used to restore the Franchised Business to its original condition as soon as possible, unless Company has otherwise consented in writing to another use of the insurance proceeds All insurance policies will be issued by a company or companies with a minimum A M Best's rating of A-VII at policy inception, and authorized to do business in the state in which the Franchised Business is located Prior to opening the Franchised Business, and thereafter at Company's request, Franchisee shall provide Company certificates of insurance naming Company and its designated Affiliates as additional named insureds (or the sole beneficiary in the case of life insurance) In addition, the certificates shall contain a provision requiring 30 days prior written notice to Company of any proposed cancellation, modification, or termination of insurance If Franchisee fails to obtain or maintain the required insurance, Company may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Company's costs in taking such action

7 12 **Utensils, Fixtures and Other Goods** All tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Franchised Business shall conform to the Standards, shall be imprinted with Company's Marks, if and as specified by Company, and shall be purchased by Franchisee from a Supplier approved in writing by Company No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Restaurant unless expressly approved by Company

7 13 **Menus**

7 13 1 Authorized Products shall be marketed by approved menu formats in the Franchised Business The approved and authorized menu and menu format(s) may include, in Company's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu, whether or not similar to those listed In Company's discretion, the menu and/or menu format(s) may vary depending upon region, market size, store size, and other factors Company may change the menu and/or menu format(s) from time to time upon reasonable prior notice, except in the case of exigent circumstances, in which case, no prior notice need be given Company may also authorize tests for various Restaurants

7 13 2 Franchisee shall add, delete, or update any Authorized Products to its menu or change the format of the menu according to the instructions contained in a notice from Company Franchisee shall have 10 days after receipt of written notice or electronic notice to fully implement any such change Franchisee shall not remove any Authorized Product from Franchisee's menu without Company's written consent, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the Authorized Products Franchisee shall cease selling any product within 10 days after receipt of notice that the product is no longer approved Company may instruct Franchisee to remove any item from the menu on an emergency basis and Franchisee must comply with such instruction immediately Company shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee's failure to comply with such instruction)

7 13 3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and other requirements communicated by Company, or contained in Company's Manual(s), and as required by Applicable Law

## ARTICLE 8
## ADVERTISING AND MARKETING

8 1 **General Advertising Requirements** Franchisee shall only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by Company from time to time and only shall use and display all material in accordance with the Standards Franchisee must obtain Company's prior written approval, not to be unreasonably withheld, to use and/or display any advertising, promotion or marketing materials regarding the Franchised Business or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, MySpace, Twitter, Pinterest, Linkedin, Yelp, and YouTube), website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Company The materials shall be deemed approved if Company has not approved such materials within 10 days of submission by Franchisee Any advertising materials or concepts created by Franchisee and approved by Company are the sole and exclusive property of Company and are hereby assigned to Company Company may, in its reasonable discretion, require Franchisee to cease using any advertising materials which it has previously approved, and Franchisee shall cease using such materials upon written notice All of Franchisee's advertising, promotion and marketing materials shall be completely clear, factual and not misleading and conform to the highest ethical standards and

Standards Franchisee shall not in any medium (a) use abusive, slanderous or otherwise offensive language, (b) endorse or encourage default of any licensee's or franchisee's franchise or license agreement, or other agreement with Company or its Affiliates, or (c) take any action or make any statement which would disparage Company, or impair, damage or harm the name, reputation, or goodwill of the Marks and/or the System

8 2 **Local Advertising and Promotion** Each month Franchisee shall expend no less than 1% of its Gross Sales for the preceding month, for local advertising of the Franchised Business (**"Local Advertising Expenditure"**) Franchisee shall deliver evidence of local advertising expenditures in the form and manner prescribed by Company All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to Franchisee's required Local Advertising Expenditure Franchisee's local advertising shall be targeted to reach only consumers within the Protected Area Company may not approve requests to advertise in a way that aims at a significantly larger market than the Protected Area without a showing of necessity or good cause from Franchisee Company may, but shall not be obligated to, require that all such advertising that reaches customers outside the Protected Area conspicuously include the contact information of other Restaurants located in the geographic area covered by the selected advertising media or format, together with one or more legends prescribed by Company, including legends disclosing that the offer is valid only from Franchisee, and may not be valid at non-participating Restaurants

8 3 **Brand Fund**

8 3 1 Franchisee's Brand Fee shall be contributed to the Brand Fund An amount equal to all Brand Fund revenues and allocations will be expended for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised and Company and Company Affiliate owned Restaurants These expenditures may include (a) creative development, production and placement of print advertisements, commercials, musical jingles, decals, radio spots, audio advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, electronic media advertisements, and other advertising and promotional materials, (b) creative development, preparation, production and placement of video, audio and written materials and electronic media, including social media campaigns, (c) purchasing artwork and other components for advertising, (d) media placement and buying, including search engine marketing, search engine optimization, and all associated expenses and fees, (e) administering national, regional and multi-regional marketing and advertising programs, (f) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers, (g) development, production and acquisition of premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events, (h) creative development of signage, posters, and including graphics, (i) recognition and awards events and programs, (j) system recognition events, including periodic national and regional conventions and meetings, (k) website, extranet and/or Intranet development, implementation and maintenance, (l) development, implementation and maintenance of a website that permits electronic commerce, bookings/reservations, and/or related strategies, (m) retention and payment of advertising and promotional agencies and other outside advisors, including retainers and management fees, (n) public relations and community involvement activities and programs, (o) expenditures for activities conducted for the benefit of co-branding, or other arrangements where products and/or

services are offered in conjunction with other marks or through alternative channels of distribution, and (p) expenditures with others joint marketing campaigns, jointly developed advertising and other joint programs

8 3 2 Company shall determine, in its discretion, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns Franchisee acknowledges that some franchisees or licensees of Company may not be required to contribute, or contribute the same percentage of Gross Sales, to the Brand Fund Nothing in this Agreement shall be construed to require Company or any of its Affiliates to allocate or expend Brand Fund contributions or allocations so as to benefit any particular licensee, Franchisee or group of licensees on a pro rata or proportional basis or otherwise Except as directed in writing by Company, Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by Company through the Brand Fund The Brand Fund shall, as available, provide to Franchisee marketing, advertising and promotional formats and sample materials at the Brand Fund's actual cost of producing such items, plus shipping and handling Any additional advertising shall be at the sole cost and expense of Franchisee The materials and/or media created utilizing the Brand Fund may include information regarding acquiring a franchise

8 3 3 Without limiting the foregoing, Company may do any of the following

(a) employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by Company or its Affiliates, to provide services for the Brand Fund,

(b) compensate Company and/or its Affiliates for internal expenses, including salaries, overhead and administrative expenses incurred in connection with the operation of its marketing/advertising department(s), and the administration of the Brand Fund, and to otherwise compensate Company and/or its Affiliates for expenses related to the operation of the Brand Fund,

(c) pay for or charge the Brand Fund for attorneys' fees and other costs related in any way to claims against Company, any of its Affiliates, and/or the Brand Fund regarding or in connection with the Brand Fund However, Company will reimburse the Brand Fund for any attorneys' fees and/or costs paid by the Brand Fund in connection with any action in which Company is finally found to have acted unlawfully or to be guilty of wrongdoing with respect to the Brand Fund,

(d) defer, waive and/or compromise claims with respect to the Brand Fund,

(e) take legal or other action against any licensee(s) in default of their obligations to the Brand Fund and settle or compromise claims (and to pay related attorneys' fees and costs),

(f) merge or combine the Brand Fund with any Brand Fund otherwise established for Restaurants, and

(g) return or rebate Brand Fees to a franchisee, which funds the applicable franchisee must spend on local advertising and promotion for such franchisee's Restaurant

8 3 4 Company may (i) transfer the Brand Fees to a separate Entity to whom Company has assigned or delegated the responsibility to operate and maintain the Brand Fund, (ii) deposit the Brand Fees into a separate account maintained by Company, or (iii) administratively segregate on its books and records all Brand Fees received from Franchisee and all other licensees of Company Nothing in this Agreement shall be deemed to create a trust fund, a fiduciary relationship or similar relationship, and Company may commingle Brand Fees with its general operating funds and expend such sums in the manner provided Company and its Affiliates are not obligated to spend or contribute or allocate to the Brand Fund any amounts

8 3 5 If less than the total of all contributions and allocations to the Brand Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years Company may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest surplus funds If Company (or an Affiliate) advances money to the Brand Fund, it will be entitled to be reimbursed for such advances Any interest earned on monies held in the Brand Fund will be contributed or allocated to the Brand Fund Company may suspend or terminate the Brand Fund, however, prior to termination, all funds must be expended

8 3 6 The Brand Fund will be accounted for separately, provided, however, this separate accounting will not limit Company's right to commingle Brand Fees with general operating funds The Brand Fund may be used to pay all administrative and other costs of the Brand Fund related to its activities and purposes and/or as authorized by the relevant franchise or license agreements All taxes of any kind incurred in connection with or related to the Brand Fund, its activities, contributions and/or any other aspect of the Brand Fund, whether imposed on Company, the Brand Fund or any other related party, will be the sole responsibility of the Brand Fund Company is not required to prepare audited or other financial statements for the Brand Fund, or to provide Franchisee with an accounting of how funds were spent, however, (i) if Company prepares financial statements for the Brand Fund, Company will make the last year's financial statements available to Franchisee within a reasonable period of time after Franchisee's written request, and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to Franchisee within a reasonable period of time after Franchisee's written request

8 4 **Telephone Numbers and Directory Advertising** Franchisee will use, for the Franchised Business, telephone numbers of telephone exchanges (or similar designations) in the Protected Area All advertisements in the yellow pages shall be subject to Company's prior written consent in accordance with Section 8.1

8 5 **Promotional Campaigns** From time to time during the Term, Company shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration promote particular products or marketing themes Franchisee agrees to participate in such promotional campaigns upon such reasonable terms and conditions as Company may establish Franchisee acknowledges and agrees that such participation may

require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Brand Fund)

8 6 **Internet**

8 6 1 Franchisee shall not develop, create, generate, own, license, lease, participate in, or use in any manner any computer medium or electronic medium (including any internet web-page, e-mail address, website, domain name, bulletin board, social media site or publication, newsgroup or other internet-related medium or activity) which medium, or any sponsor or promoter of such medium uses or displays the Marks, or any confusingly similar words, symbols or terms without Company's prior written consent, and then only in such manner and in accordance with the Standards The term "uses or displays" includes any activity by the medium or any person acting in furtherance of, or on behalf of the medium, pursuant to which existing or prospective customers, Suppliers, licensees or franchisees or others are solicited or directed to the medium through the use of the Marks or by other direct or indirect reference to Company Franchisee acknowledges that Company has the exclusive unrestricted right to manufacture, produce, license, sell, distribute and/or market products and services (whether or not under the Marks) by means of the internet or internet website Company may establish sales programs from time to time whereby customers can purchase certain products or services online

8 6 2 Company shall have discretion over the design, content and functionality of all websites that use or display the Marks Company may include one or more interior pages that identifies Restaurants, by among other things, geographic region, address, telephone number(s), and service items

8 7 **Co-op Advertising** Company may, but is not obligated to, establish regions for co-operative advertising ("**Co-op Advertising Regions**"), to coordinate advertising, marketing efforts and programs and maximize the use of local and/or regional advertising media

8 7 1 If Company creates a Co-op Advertising Region for the region in which the Franchised Business is located, Franchisee shall become a subscriber and member of the Co-op Advertising Region Franchisee will execute and participate in accordance with the organizational and formation documents prescribed by Company for the Co-op Advertising Region The size and membership of such regions shall be binding upon Franchisee, and all other similarly situated franchisees of the System and Company or such Affiliate of Company, if it operates Restaurant(s) in the region, provided, however, that Company reserves the right to exempt certain itself, its Affiliates and/or franchisees from participation, including in connection with Restaurants at Non-Traditional Venues in the region At all meetings of Co-op Advertising Region each participating member shall be entitled to one vote for each Restaurant located within the Co-op Advertising Region or such other vote as may reasonably be determined by Company

8 7 2 Franchisee and other members of the Co-op Advertising Region, whose agreements require their participation, will contribute to the Co-op Advertising Region such minimum amount as may be determined by Company, but such minimum amount designated by Company will not exceed 1% of Gross Sales, provided however, the rate of contribution may be changed from time to time upon the affirmative vote or consent of at least a majority of the

voting power of the Co-op Advertising Region, but the Co-op Advertising Region may not reduce the contribution rate below any minimum established by Company

8 7 3 Each Co-op Advertising Region will decide the use of funds available to it for advertising or marketing The Co-op Advertising Region shall then in writing request approval from Company Company shall not withhold its approval unreasonably, but no placement of advertising or commitment of funds on behalf of a Co-op Advertising Region will be made without Company's prior written approval Company reserves the right to establish standards concerning the operation of the Co-op Advertising Region, advertising agencies retained by Co-op Advertising Region, and advertising programs conducted by Co-op Advertising Region Any disputes (other than pricing) arising among or between Franchisee, other franchisees, and/or the Co-op Advertising Region may be resolved by Company whose decision shall be final and binding on all parties No Co-op Advertising Region may appoint or pay from the funds collected by the Co-op Advertising Region fees or costs of any advertising agency or buying group without the prior written consent of Company

## ARTICLE 9
## PRODUCTS, SERVICES AND SUPPLIERS

9 1 **Products and Services the Franchised Business Offers** The Franchised Business must advertise, use and offer for sale all and only Authorized Products that Company periodically specifies or approves to be advertised, used, offered or sold from the Franchised Business Franchisee may not use, offer, sell or otherwise distribute from the Franchised Business any products or services that Company has not specified or approved to be offered or sold from the Franchised Business All Authorized Products must be offered, sold and distributed under the specific name(s) designated by Company and shall be prepared, served, purchased, inventoried, performed, displayed, and stored in accordance with the recipes and Standards At all times, Franchisee shall (i) purchase and maintain in inventory such types and quantities of Authorized Products (and ingredients for such products) as are needed to meet reasonably anticipated consumer demand, and (ii) have working in the Franchised Business a sufficient number of fully trained employees to meet reasonably anticipated consumer demand for goods and services All sales by Franchisee shall be for retail consumption only

9 2 **Product Lines and Service, Purchases of Goods and Services**

9 2 1 Company reserves the right periodically to designate and approve Standards and/or suppliers of FFE and other ingredients, products and services that Company periodically authorizes to be prepared, served or provided from the Franchised Business or provided for use at or sale from the Franchised Business, including services, ingredients, merchandise, displays, fixtures, equipment, uniforms, supplies, packaging, forms, Information Systems and other products, goods and services Franchisee shall purchase or lease all FFE, Authorized Products, Information Systems, ingredients, and other products and services for the Franchised Business only according to the Standards and, if Company requires, only from Suppliers designated or approved by Company, as applicable, from time to time Franchisee will establish the prices charged for goods and services sold by Franchisee, and will provide information regarding its prices to Company as requested

9 2 2 As designated or specified by Company from time to time, Franchisee shall purchase authorized ingredients, products and services from (i) Company or its Affiliates (if they sell or provide the same), (ii) suppliers designated by Company, (iii) suppliers approved by Company, or (iv) suppliers selected by Franchisee and with Company's prior written approval, which, subject to the other terms in his Section 9 2, such approval shall not be unreasonably withheld ("**Suppliers**") Franchisee acknowledges that Company and its Affiliates may be the sole designated supplier of certain goods and services If Franchisee desires to purchase or use any ingredients, products or services for or at the Franchised Business that Company has not yet evaluated, or purchase any product or service from a person or Entity (a "**Proposed Supplier**") that Company has not yet approved (for ingredients, products and services that Company requires Franchisee to purchase only from designated or approved suppliers), Franchisee first agrees to submit sufficient information, specifications and samples for Company to determine whether the ingredient, product or service complies with the Standards and specifications and the proposed supplier meets Company's criteria For each Proposed Supplier, Franchisee shall first deliver written notice seeking approval, which notice shall (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by Company or required in the Manual(s) (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier Franchisee or the Proposed Supplier must pay Company in advance (or upon Company's request, reimburse) Company's reasonably anticipated costs to review the Proposed Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by us to third parties Upon request, Company will furnish to Franchisee the general, but not manufacturing specifications for non-proprietary products and services if specifications are not contained in the Manual(s) Company may request that the Proposed Supplier furnish Company, at no cost to Company, product samples, specifications and such other information as Company may require As a further condition of its approval, Company may require a Proposed Supplier to agree in writing (i) to faithfully comply with Company's specifications and requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of Company and only pursuant to a trademark license agreement in form prescribed by Company, (iii) to provide to Company duplicate purchase invoices for Company's records and inspection purposes and (iv) to otherwise comply with Company's reasonable requests Each Proposed Supplier must agree to comply with Company's usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to the reasonable satisfaction of Company (a) its ability to provide goods or services, applicable, meeting the Standards, (b) its reliability with respect to delivery and the consistent quality of its products or services, and (c) its ability to meet such other requirements as determined by Company to be in the best interest of the franchise system Company has the right to inspect the Proposed Supplier's facilities and to require the Proposed Supplier to deliver product samples or items, at Company's option, either directly to Company or to any third party it designates for testing Company reserves the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of

Franchisee's requests for any reason, including that Company has already designated an exclusive source (which might be Company or its affiliate) for a particular item or service or if Company believes that doing so is in the best interests of the Company's franchise network

9 2 3 Company will use its good faith efforts to notify Franchisee of its decision within 15 business days after Company's receipt of Franchisee's request for approval of a Proposed Supplier and other requested information Should Company not deliver a written approval of the Supplier within such 15 business day period, the Supplier shall be deemed disapproved Nothing in this article shall require Company to approve any Proposed Supplier and Company may disapprove any Proposed Supplier for any reason Without limiting the foregoing, Company may disapprove a Proposed Supplier, if in Company's opinion the approval of the Proposed Supplier would disrupt or adversely impact Company's national or regional distribution arrangements Company may revoke its approval of a Supplier at any time Franchisee agrees that at such times that Company establishes a national or regional purchasing program, or exclusive vendor supply contract(s) for any products or services, which Company believes in good faith may benefit Franchisee or Company and its franchisees as a whole, by reduced prices, lower labor costs, production of improved products, reliability in supply, improved distribution or raw material cost control, Franchisee will participate in such purchasing program or vendor contract(s) in accordance with its terms

9 2 4 Company and/or its Affiliates may derive revenue and profit based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Company or its Affiliates provide to Franchisee Company and/or its Affiliates may derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that Company designates, approves or recommends for some or all of Company's franchises Company and its Affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee Company and its Affiliates may retain for itself or themselves, or use as it or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration

9 2 5 On the expiration or termination (including nonrenewal) of this Agreement, or in the event of any default by Franchisee of this Agreement, Company or its Affiliates shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee Company may, and Company may notify Suppliers to, limit the quantities of products and services sold or provided to Franchisee to only those quantities as may be reasonably necessary to fulfill the customary needs of a typical Restaurant Company may notify Suppliers of any impending termination or expiration (including nonrenewal) of this Agreement and may, among other things, instruct such Suppliers to provide only such quantity of products and services as is reasonably necessary to supply Franchisee's needs prior to expiration or termination (including nonrenewal) of this Agreement

9 3 **<u>Purchases from Company or its Affiliates</u>**

9 3 1 All ingredients, products and services purchased from Company or its Affiliates shall be purchased in accordance with the purchase order format and policies of Company or its Affiliate, the current form of which may be set forth in the Manual(s) Purchases

shall be on Company's or its Affiliate's then-current price, delivery and other terms and conditions which Company or its Affiliate may change on at least 15 days prior written notice Franchisee further acknowledges that prices Company or its Affiliate charges to Franchisee may include a profit to Company or its Affiliate No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Company (or its Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form is provided by Franchisee No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Company unless such term or condition is expressly accepted by Company or its Affiliate in writing

9 3 2 Company or its Affiliate may discontinue the sale of any Authorized Products or any other products and services at any time if in Company's or its Affiliate's judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable If any products or services sold by Company or its Affiliate are not in sufficient supply to fulfill all orders, Company or its Affiliate may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Company or its Affiliate deems appropriate, which may result in Franchisee not receiving any allocation of certain products or services as a result of a shortage All orders by Franchisee shall be subject to acceptance by Company or its Affiliate at Company's or its Affiliate designated offices, and Company or its Affiliate reserves the right to accept or reject, in whole or in part, any order placed by Franchisee Company or its Affiliate may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis

9 3 3 Company or its Affiliate shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Company's or its Affiliate's reasonable control including such events as labor or material shortages, product shortages, conditions of supply and demand, import/export restrictions, or disruptions in supply sources In such event, Company may suggest alternative products to fulfill an order

9 3 4 From time to time upon Company's or its Affiliate's request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make over the two weeks following the date of the request

9 3 5 **WITH RESPECT TO ANY EQUIPMENT, INGREDIENTS, PRODUCTS, SERVICES, GOODS OR SUPPLIES PROVIDED BY COMPANY OR ITS AFFILIATES, OTHER THAN SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH SUCH ITEMS, IF ANY, SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES BY COMPANY OR ITS AFFILIATES, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND NON-INFRINGEMENT, BEING EXPRESSLY DISCLAIMED, NOR DO THERE EXIST ANY EXPRESS OR IMPLIED WARRANTIES AS TO THE DESIGN, CONDITION, CAPACITY, PERFORMANCE OR ANY OTHER ASPECT OF SUCH ITEMS OR THEIR MATERIAL OR WORKMANSHIP**

9 4 __Customer Reporting, Comment Cards__ At Company's request, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Company, of Franchisee's customers and shall allow such information to be used by Company Franchisee may not divulge such customer names, addresses or other information, with or without remuneration, to any third party, except as required for the operation of the Franchised Business Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction Company may require Franchisee to use or display customer comment and other cards (or similar customer comment information), and signs displaying email addresses and telephone numbers in the manner specified in the Manual(s) Franchisee must subscribe to the secret shopping service Company designates from time to time Upon request, Franchisee shall pay Company or its designee fees to compensate Company or such designee for providing secret shopper services

## ARTICLE 10
## REPORTS, BOOKS AND RECORDS, INSPECTIONS

10 1 __General Reporting__ Franchisee shall, in the form and manner specified by Company, submit to Company statistical control forms and such other financial, operational and statistical information as Company may require from time to time (collectively, the "**Information**") including to (i) assist Franchisee in the operation of the Franchised Business in accordance with the System, (ii) allow Company to monitor Franchisee's Gross Sales, purchases, costs and expenses, (iii) enable Company to develop chain-wide statistics which may improve bulk purchasing, (iv) assist Company in the development of new Authorized Products or the retirement or removal of existing required or recommended products and/or services offered at the Franchised Business~~;~~ and (v) generally improve chain-wide understanding of the System Without limiting the generality of the foregoing

10 1 1 Franchisee shall also submit condensed reports of daily Gross Sales to Company on a weekly basis in accordance with the Standards

10 1 2 On or before the 10th day following each calendar month, Franchisee shall submit a Gross Sales report prescribed by Company, which shall be certified by an officer of Franchisee to be accurate and complete, reporting all Gross Sales for the preceding calendar month, together with such additional financial information as Company may request

10 1 3 On or before the 10th day following each calendar month, Franchisee shall submit to Company financial statements for the preceding calendar month, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by Company and in accordance with generally accepted accounting principles, which shall be certified by an officer of Franchisee to be accurate and complete

10 1 4 Within 120 days following the end of each calendar year, Franchisee shall submit to Company an unaudited annual financial statement prepared in accordance with generally accepted accounting principles or with sound accounting and financial recording practices Such statement shall be in the form reasonably required by Company, which shall be certified by an officer of Franchisee to be accurate and complete Upon Company's request, Franchisee shall submit to Company a copy its signed federal, state and local income tax forms

for the year(s) requested by Company Upon Company's request, Franchisee shall also provide Company with copies of signed original sales and use tax forms filed with the applicable Governmental Authority Company reserves the right to require further information concerning the Franchised Business as Company may from time to time reasonably request

10 2 **Inspections** Company, its representatives and/or licensor(s)' (each an "**Inspector**") , if any, shall have the right to inspect all aspects of the Franchised Business, observe operations, and/or inspect or observe all other aspects of the Franchised Business wherever located, before, during or after business hours, to examine same, confer with Franchisee's employees, inspect the same, and to determine whether the business is being conducted in accordance with this Agreement, the System and the Standards Inspectors will have the right to interview present and former customers The Inspectors shall use reasonable efforts to avoid materially disrupting the operation of the Franchised Business Without limiting Company's rights under other sections of this Agreement, if any inspection reveals a deficiency or unsatisfactory condition under this Agreement, the Standards, System or the Manual(s), including quality, cleanliness, service, health and safety, and Authorized Products, Company will notify Franchisee in writing of Franchisee's non-compliance and Franchisee shall promptly correct or repair such deficiency or unsatisfactory condition, which corrective action may include temporarily closing the Franchised Business

10 3 **Audits** Franchisee shall prepare, and keep for not less than 7 years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts, applicable sales tax returns, all pertinent sales slips and transaction records, and Information System and point of sale records, and such other sales records as may be reasonably required by Company in a form suitable for an audit of its records by an authorized auditor or agent of Company Company, its agents or representatives may, at any reasonable time before, during or after normal working hours, audit or review Franchisee's books and records Company may also conduct the audit using electronic means and/or at a site other than the Protected Area and Franchisee shall provide all information promptly upon demand (but not later than 5 days following the date of the request) If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the highest rate permitted by Applicable Law, but not to exceed 12% percent per annum In addition, if an audit or other investigation reveals an under-reporting or under-recording error of 5% or more, then in addition to any other sums due and in addition to any other rights and remedies, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Company, which shall include Company's Travel Expenses and reasonable accounting and legal expense If such an audit or other investigation reveals an overpayment to Company, Company shall promptly pay Franchisee the amount of the overpayment or, at Company's option, apply such overpayment to any then outstanding amounts due to Company by Franchisee

10 4 **Books and Records** Franchisee shall maintain an accounting and record keeping system, in accordance with generally accepted accounting principles and sound business practices, which shall provide for accounting information necessary to prepare financial statements, a general ledger and reports required by this Agreement and the Manual(s) Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information

## ARTICLE 11
## TRADEMARKS

11 1 Use of Marks Subject to Section 11.5, the Franchised Business shall be named "Pizza Studio" Franchisee shall use and display Company's trade dress, Marks, and such signs, advertising and slogans only as Company may prescribe or approve Franchisee will (i) maintain the highest standard of quality in the provision, operation, promotion, marketing and advertising of all products and services, (ii) provide high quality services to the public similar, and at least equal to, the type, quality, and distinguishing characteristics of the services being offered by Company and its Affiliates, and (iii) display the Marks in accordance with the Standards Upon expiration or sooner termination (including nonrenewal) of this Agreement, Company may execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary or appropriate to end and cause the discontinuance of Franchisee's use of the trade dress and Marks, and Company is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the prior written approval of Company Franchisee shall not use the Marks in connection with any assignment or offering of securities or any request for credit without the prior written approval of Company Company may withhold or condition any approval related to the Marks Franchisee shall identify the Franchised Business as independently owned and operated under a license from Company, in the form and manner specified by Company, including on all invoices, order forms, receipts, checks, business cards, on posted notices at the Franchised Business and in other media and advertisements Company may withhold or condition any approval related to the Marks

11 2 Non-Use of Trade Name If Franchisee is an Entity, it shall not use Company's Marks, or Company's trade name, or any words or symbols which are confusingly similar, phonetically or visually, to the Marks, as all or part of Franchisee's name

11 3 Non-ownership of Marks Nothing in this Agreement shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Company's trade dress, or to any of the Marks or the goodwill attributable to the Marks Franchisee is granted only a license during the Term to display and use the Marks according to the terms and conditions of this Agreement All goodwill accrued by, and due to, Franchisee's use of the Marks anywhere shall be the sole and exclusive property of Company

11 4 Defense of Marks, Prosecution of Infringers

11 4 1 If Franchisee receives notice, or is otherwise informed, of any claim, suit or demand against Franchisee of any alleged infringement, unfair competition or similar matter on account of its use of the Marks or trade dress, Franchisee shall promptly notify Company of the same Company shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim, but Company shall not be obligated to take any such action, however Franchisee shall not settle or compromise any claim by a third party without the prior written consent of Company Company shall have the sole right to defend, compromise or settle any claim, in its discretion, at Company's sole cost and expense, using attorneys of its own choosing

11 4 2 If Franchisee receives notice or learns that any unauthorized third party is using Company's trade dress or Marks or something similar, Franchisee shall promptly notify Company Company shall then determine whether or not it wishes to take any action against such third person Franchisee shall have no right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against any alleged infringer for or on account of such infringement

11 4 3 Franchisee agrees to sign any documents and take any other reasonable actions that, in the opinion of Company's or its licensor's attorneys, are necessary or advisable to protect and maintain Company's (and its licensor's) interests in any litigation or Patent and Trademark office or other proceeding or otherwise to protect and maintain Company's (and its licensor's) interest in the Marks Franchisee may participate at its own expense in such defense or settlement, but Company's decisions with regard to the disposition of a claim shall be final Franchisee agrees not to communicate with any person or Entity other than Company and its licensor, their respective attorneys, and Franchisee's attorneys regarding any infringement, challenge or claim

11 5 **Modification of Marks** From time to time Company may add to, delete or modify any or all of the Marks and trade dress Franchisee shall, use, or cease using, the Marks and/or trade dress at its expense including any modified or additional trade names, trademarks, service marks, logotypes, commercial symbols, and trade dress in accordance with the Manual(s) and Standards Except as Company may otherwise direct, Franchisee shall implement any change within 60 days after notice by Company at Franchisee's expense

11 6 **Acts in Derogation of the Marks** Franchisee agrees that Company's trade dress and the Marks are the exclusive property of Company and/or its Affiliates and Franchisee now, and will hereafter, assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise Franchisee is familiar with the standards and high quality of the use of the trade dress and Marks, and Franchisee agrees that it will maintain this standard in its use of the Marks and trade dress All use of the Marks and trade dress by Franchisee inures to the benefit of Company Franchisee shall not contest or assist anyone in contesting at any time, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Company or its Affiliates in connection with the same, either during the Term or thereafter, and that it will use the Marks and Company's trade dress only for the uses and in the manner permitted under this Agreement Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Company's trade dress and/or the Marks by any other franchisee or licensee of Company, or (ii) divert or attempt to divert any business or any customers of the Franchised Business to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks

11 7 **Assumed Name Registration** If required by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with Governmental Authorities a notice of its intent to conduct its business under the Mark(s) designated by the Company with only such additional prefix or suffix, if any, as may be required by Company Promptly upon the

expiration or termination (including nonrenewal) of this Agreement Franchisee shall execute and file such documents as may be necessary to revoke or terminate such assumed name registration, or any other registrations or filings, and if Franchisee fails to promptly execute and file such documents, Franchisee hereby irrevocably appoints Company as its attorney-in-fact to do so for and on behalf of Franchisee

11 8 Use of Other Trademarks Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Franchised Business without the prior written consent of Company

## ARTICLE 12
## COVENANTS REGARDING OTHER BUSINESS INTERESTS

12 1 Non-Competition Franchisee acknowledges that the System is distinctive and has been developed by Company and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and Confidential Information regarding the System Franchisee recognizes its obligations to keep confidential such information as set forth in this Agreement Franchisee therefore agrees as follows

12 1 1 During the Term, no Restricted Person nor any Immediate Family Member shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities, (ii) divert or attempt to divert any business or customers of the Franchised Business to any other person or Entity, or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks

12 1 2 To the extent permitted by Applicable Law, upon (i) the expiration or termination (including nonrenewal) of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person or Immediate Family Member before such event shall not for a period of three (3) years thereafter, either directly or indirectly, through one or more affiliated Entities engage in Competitive Activities within the Protected Area and within a radius of 25 miles from any then existing Restaurant

12 2 Confidential Information

12 2 1 Restricted Persons may have access to proprietary and trade secret information, including the Confidential Information, Standards, recipes, secret ingredients, procedures, concepts and methods and techniques of developing and operating a Restaurant and producing Authorized Products Company may disclose certain of its Confidential Information to Restricted Persons in the Manual(s), bulletins, supplements, confidential correspondence, or other communications, and through Company's training program and other guidance and management assistance No Restricted Person shall acquire any interest in the Confidential Information other than the right to use them in developing and operating the Franchised Business during the Term A Restricted Person's duplication or use of the Confidential Information in any other endeavor or business shall constitute an unfair method of competition Each Restricted Person shall (i) not use the Confidential Information in any business or other endeavor other

than in connection with the Franchised Business, (ii) refrain from disclosing the Confidential Information and maintain the absolute confidentiality of the Confidential Information during and after the Term, and (iii) make no unauthorized copy of any portion of the Confidential Information, including the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral In addition to any procedures prescribed by Company, Franchisee shall implement reasonable procedures prevent unauthorized use and disclosure of the Confidential Information If Franchisee has any reason to believe that any employee or Restricted Person has improperly used or disclosed the Confidential Information, Franchisee shall promptly notify Company and shall cooperate with Company to protect Company against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Company, such action is necessary or advisable

12 2 2 "Confidential Information" shall not include information which (a) has entered the public domain or was known to Franchisee prior to Company's disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates, (b) becomes known to the Restricted Persons from a source other than Company or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates, or (c) was independently developed by Franchisee without the use or benefit of any of Company's Confidential Information The burden of proving the applicability of the foregoing will reside with Franchisee

12 2 3 In view of the importance of the Marks and the Confidential Information and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity Each party submits to the jurisdiction of the courts of the state and Federal courts of the state where Company's headquarters is located Franchisee agrees that Company may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived)

12 2 4 Franchisee shall obtain covenants similar to those in Sections 12.1 and 12.2 from Restricted Persons, and such other personnel that have access to the Confidential Information, as Company may specify Franchisee may satisfy the provisions of the proceeding sentence with respect to "line" workers if Franchisee implements written policies (that are acknowledged in writing by such workers), which policies are reasonably acceptable to Company and that protect the confidential nature of the Confidential Information Company may regulate the form of agreements Franchisee uses and may require that Company be an express third party beneficiary with the right to enforce such agreements Promptly upon Company's request, Franchisee shall deliver executed copies of such agreements to Company

12 3 **Certain Developments** All ideas, concepts, techniques or materials relating to a Restaurant ("**Developments**"), whether or not protectable intellectual property and whether

created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Company and will be deemed to be Company's sole and exclusive property and works made-for-hire for Company To the extent any Development does not qualify as a "work made-for-hire" for Company, by this section, Franchisee hereby assigns and shall assign ownership of that item, and all related rights to that item, to Company and agrees to sign (and cause its Owners, employees and contractors to sign) whatever assignment or other documents Company requests to evidence Company's ownership and to help Company obtain intellectual property rights in the item Franchisee may not use any Development in operating the Franchised Business or otherwise without Company's prior written approval

12 4 **Press Releases** Unless required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Franchised Business or any Crisis Management Event shall be made by Franchisee without the prior written consent of Company

12 5 **Interference With Employment Relations** During the Term and for a period of 24 months following the Assignment, termination, expiration or non-renewal of this Agreement, neither Franchisee, its Owner(s) or their respective Affiliates, officers, directors, or managers, or any of them, shall, either directly or indirectly, hire or solicit to hire any employee of Company, any of its Affiliates, or any franchisee of Company, or hire any such employee within one year of the voluntary or involuntary termination of such employee's employment

12 6 **Effect of Applicable Law** In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Company and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee Company may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law

## ARTICLE 13
## NATURE OF INTEREST, ASSIGNMENT

13 1 **Assignment by Company** This Agreement is fully transferable by Company without the consent of Franchisee, and shall inure to the benefit of any transferee or the legal successor to Company's interests in this Agreement Company may, in whole or in part, (i) assign or delegate any or all of its rights and obligations under this Agreement, (ii) sell its assets, its marks, or its System outright to a third party, (iii) engage in a public offering of its securities, (iv) engage in a private placement of some or all of its securities, (v) merge, acquire other Entities, or be acquired by other persons or Entities, or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above or similar actions Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of a transfer or assignment

13 2 **Assignment by Franchisee**

13 2 1 The rights and duties created by this Agreement are personal to Franchisee This Agreement has been entered into by Company in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners who will actively and substantially participate in the development ownership and operation of the Franchised Business Accordingly, neither Franchisee nor any Owner (other than Company, if applicable) shall cause or permit any Assignment without Company's prior written consent, which consent shall not be unreasonably withheld If Company grants its consent, Company may impose any condition, including some or all of the following (any of which may be waived by Company), each of which the parties deem to be reasonable

(a) that Franchisee provide a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Company may reasonably request Company shall have the right, without limitation, to consider whether the price and terms of payment are so burdensome as to adversely affect the Franchised Business,

(b) that Franchisee's rights and obligations to occupy such location shall have been assigned to, and assumed by, the transferee, and that any applicable consent to such transfer has been obtained, and all pertinent documentation been delivered to Company for Company's review and acceptance,

(c) that Franchisee's right to receive payments in connection with the Assignment shall be subordinated to Company's rights to receive any outstanding monetary obligations or other outstanding obligations due from Franchisee or transferee under any agreement with Company or any Affiliate, whether arising before or after the Assignment,

(d) that Franchisee provides Company a true and correct list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Company may require,

(e) that Franchisee shall have complied with Section 13.3 and Company shall not have exercised the ROFR,

(f) that Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), all agreements with Company's Affiliates, the Manual(s) or any other obligations owed Company,

(g) that all obligations to third parties in connection with the Franchised Business shall have been satisfied or assumed by the transferee,

(h) that Franchisee, and its Owners, if Franchisee is an Entity, shall execute a general release, in a form prescribed by Company, of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees,

(i) that the transferee/assignee shall have demonstrated to Company's satisfaction that it meets all of Company's then-current Standards for new Restaurant operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the operation of the Restaurant, and the ability to fully comply with the terms of this Agreement,

(j) that the transferee/assignee shall have agreed, under a written assumption agreement approved by Company, that at closing, the transferee/assignee shall, at Company's option, either (a) assume this Agreement, provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any continuing obligations, or (b) execute a replacement franchise or license agreement on the then-current form of franchise agreement used by Company in the State in which the Franchised Business is being operated, provided, however, that the term of the replacement franchise or license agreement shall be, at Company's option, the remaining term of this Agreement, unless Company otherwise agrees, and, at Company's request, the transferor/assignor shall have executed a continuing guaranty in favor of Company of the performance and payment by the transferee/assignee of all obligations and debts to Company and its Affiliates under the replacement franchise or license agreement,

(k) that the transferee/assignee agrees to refurbish the Franchised Business as needed (in Company's discretion) to match the then-current Standards,

(l) that there shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Franchised Business,

(m) that Franchisee shall have paid to Company a non-refundable administrative/transfer fee equal to $5,000 plus Company's then-current training fees and reimbursement of its employee's Travel Expenses if Company determines that the transferee/assignee must successfully complete the Initial Training Program,

(n) that Franchisee and its Owners agree with the assignee/transferee not to compete after the Assignment in accordance with restrictions acceptable to Company and substantially similar to those provided in this Agreement to the maximum extent permitted by Applicable Law, and Company will be named as a third party beneficiary of such agreement, and

(o) that the transferee/assignee, or its anticipated operating Principal shall have satisfactorily completed the Initial Training Program

13 2 2 Any purported Assignment occurring by operation of law or otherwise without Company's prior written consent shall constitute a material default of this Agreement by

Franchisee, and shall be null and void Except in the instance of Franchisee advertising to sell the Franchised Business and assign this Agreement in accordance with the terms of this Agreement, Franchisee shall not, without Company's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, FFE, the Assets, the lease any real property used in connection with the Franchised Business To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the Assets may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice containing the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest in this Agreement or the Assets

13 2 3 If Franchisee is an Entity, Franchisee shall promptly provide Company with written notice of each and every issuance of Equity by Franchisee and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment"

13 2 4 Company's consent to an Assignment shall not (a) constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including (i) any payment or other duty owed by Franchisee to Company under this Agreement before such Assignment, or (ii) Franchisee's duty of indemnification and defense, whether before or after such Assignment, or (iii) the obligation to obtain Company's consent to any subsequent transfer, or (b) be an indication as to the likelihood of success or economic viability of the assignee/transferee

13 3 **Right of First Refusal** If Franchisee or any Owner (other than Company, if applicable) desire to cause or permit any Assignment, then Franchisee and/or such Owner shall notify Company in writing, provide such information and documentation describing or relating to the proposed Assignment as Company may require, and grant Company (and its designee) a right of first refusal (the "**ROFR**") for 60 days following Company's receipt of Franchisee's written notice of the proposed Assignment and copies of all required documentation (the "**ROFR Period**") to purchase the interest which Franchisee or such Owner proposes to transfer, on the same terms and conditions offered by the third party, provided that Company (and its designee) may substitute cash for any non-cash consideration in an amount determined by Company (or designee as applicable), reasonably and in good faith, as the approximate equivalent value of the non-cash consideration Franchisee shall comply with each of its obligations under this Agreement during the ROFR Period, and Company (and its designee) shall have the right, but not the obligation, to offset any payment due to Franchisee on account of any default hereunder by Franchisee Notwithstanding the terms and conditions offered by the third party, Franchisee shall make representations and warranties to Company (and its designee) that are customary for transactions of the type proposed, including (1) its power, authority and legal capacity to sell, transfer and assign the property or interests, (2) valid right, title and interest in the property or interests, (3) the absence of all liens, encumbrances and liabilities on the property or interests, and (4) the absence of any violation, in any material respect, or default under, or acceleration of any material agreement or instrument pursuant to which the property or interests to be transferred are encumbered or bound as the result of the sale If Company (or its designee) elects to exercise the ROFR, Company (or its designee) shall notify Franchisee in writing, and the closing of the transaction shall occur within 60 days after delivery of Company's (and its designee's) notice,

subject to the satisfaction of all conditions to closing If Company (or its designee) does not exercise the ROFR, any material change in the terms of an offer prior to closing, or the failure to close the transaction within 60 days following the ROFR Period, shall cause it to be deemed a new offer, subject to the same ROFR as in the case of the initial offer Company's (or its designee's) failure to exercise the ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement

13 4 **Entity Franchisee** If a Franchisee is an Entity, the following provisions will apply

13 4 1 Franchisee represents, warrants and covenants that (a) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation, (b) the execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party, (c) any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee, and (d) the information set forth in Exhibit F, is accurate and complete in all material respects Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit F, and shall submit to Company a revised Exhibit F, certified by an officer of Franchisee as true, correct and complete Franchisee promptly shall provide such additional information as Company may request concerning all persons who may have any direct or indirect financial interest in Franchisee Franchisee shall upon demand reimburse Company for its direct and indirect costs, including reasonable attorneys' fees, to review any revised or supplemental Exhibit F

13 4 2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Restaurants All certificates and other documents representing Equity in Franchisee must bear a legend in a form prescribed by Company referring to this Agreement's restrictions

13 4 3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of Franchisee's obligations to Company and to Company's Affiliates For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Company's request, said holders shall re-execute a written guaranty in a form prescribed by Company

13 5 **Business Practices** Franchisee represents, warrants and covenants to Company that

13 5 1 As of the Effective Date, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and shall remain in full compliance with all Applicable Laws in each jurisdiction in which Franchisee or any of its Owners, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions

(a) No government official, official of an international organization, political party or official, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee,

(b) None of the Assets or interests of Franchisee or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws,

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended

(d) Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo

13 5 2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by Applicable Law

13 5 3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, its Affiliates, its Owners, any person or Entity that is at any time a legal or beneficial Owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified, and (b) none of the Assets or interests of Franchisee is subject to being "blocked" under any Anti-Terrorism Laws

13 5 4 Franchisee shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or Entity whose status is

subject to confirmation pursuant to Section 13.5.3 is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Company in an appropriate resolution of such matter

13 5 5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or Entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or party official or while knowing that any portion of that money or thing of value will be offered, given or promised, directly or indirectly, to any official to (a) influence any action or decision of the official in any official capacity, (b) induce the official to do or omit to do any act in violation of any lawful duty, or (c) induce the official to influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person or Entity

## ARTICLE 14
## DEFAULT AND TERMINATION

14 1 **General** Company shall have the right to terminate this Agreement only for "cause" "**Cause**" is hereby defined as a default of this Agreement Company shall exercise its right to terminate this Agreement in the following circumstances and manners

14 2 **Automatic Termination Without Notice** Subject to Applicable Laws of the jurisdiction in which the Franchised Business is operated to the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Company's election automatically terminate without notice to Franchisee if (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of Applicable Law), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors, (ii) Franchisee shall allow a judgment against it in the amount of more than $25,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed), (iii) the Franchised Business, the Premises, or any of the Assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), (iv) a levy of execution or attachment has been made upon the license granted by this Agreement or upon any of the Assets, and it is not discharged within 5 days of such levy or attachment, (v) Franchisee permits any recordation of a notice of mechanic's lien against the Franchised Business or any equipment at the Franchised Business which is not released within 60 days, or if any person commences any action to foreclose on the Franchised Business or said equipment, (vi) Franchisee allows or permits any judgment to be entered against Company or any of its Affiliates, arising out of or relating to the operation of the Franchised Business, or (vii) a condemnation or transfer in lieu of condemnation has occurred

14 3 **Option to Terminate Without Opportunity to Cure** Franchisee shall be deemed to be in default and Company may, at its option, terminate this Agreement and all rights

granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice by Company upon the occurrence of any of the following events

14 3 1 Abandonment If Franchisee shall abandon the Franchised Business For purposes of this Agreement, "abandon ' shall refer to (i) Franchisee's failure, at any time during the Term, to operate the Franchised Business for business for a period of 5 consecutive days, (ii) Franchisee's failure to operate the Franchised Business operating for any period after which it is not unreasonable under the facts and circumstances for Company to conclude that Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement), or (iii) failure to actively and continuously maintain and answer the telephones used by Franchisee for the Franchised Business solely with name designated by the Company in accordance with this Agreement (as the same may be modified in accordance with this Agreement)

14 3 2 Assignment, Death or Incapacity If Franchisee shall purport to make any Assignment without the prior written consent of Company, provided, however, on condition that the Franchised Business continues to be operated in conformity with this Agreement (a) upon prompt written request and upon the death or legal incapacity of a Franchisee who is an individual, Company shall allow up to 6 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the "**Heirs**") of Franchisee either (i) assume this Agreement or at Company's discretion, execution Company's then current form of franchise agreement, if Company is subjectively satisfied that the Heirs meet the Standards, or (ii) if not so satisfied, to allow the Heirs to sell the Franchised Business to a person approved by Company, or (b) upon prompt written request and upon the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Company shall allow a period of up to 6 months after such death or legal incapacity for the Heirs to seek and obtain Company's consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Company If, within said 6 month period, the Heirs fail either to enter into a new franchise agreement or to sell the Franchised Business to a person approved by Company pursuant to this Agreement, or fail either to receive Company's consent to the Assignment of such Equity to the Heirs or to another person acceptable by Company, as provided in this Agreement, this Agreement shall thereupon automatically terminate,

14 3 3 Repeated Defaults If Franchisee shall default in any one or more obligation(s) and Franchisee has previously received 2 or more written notices of default from Company within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure,

14 3 4 Violation of Law If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Company or Governmental Authority, to comply with any Applicable Law,

14 3 5 Criminal Offences If Franchisee or any of its Owners, officers, directors, Operating Principal(s), or key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Company, to

adversely affect the Company's reputation, System, Marks or the goodwill associated therewith, or Company's interest therein,

14 3 6 Unfair Competition If there is any breach of ARTICLE 12,

14 3 7 Failure to Complete Training If the initial Operating Principal or general manager selected by Franchisee to complete the Initial Training Program fails to successfully complete such program,

14 3 8 Intellectual Property Misuse If Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Company's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, the System, or the Marks generally Franchisee's unauthorized use, disclosure, or duplication of the "Confidential Information", excluding independent acts of employees or others if Franchisee shall have exercised its best efforts to prevent such disclosures or use, and

14 3 9 Safety Violations Franchisee's conduct of the Franchised Business is so contrary to this Agreement, the System and the Manual(s) as to constitute an imminent danger to the public whether or not Franchisee has cured the default after one or more notices

14 4 **Termination With Notice and Opportunity To Cure** Except for any default by Franchisee under Sections 14.2 or 14 3, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Company or its Affiliates) after Company's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Company, provided, however, that such 10 day period shall be extended by Company for a reasonable time (not to exceed 75 days) if in Company's reasonable determination Franchisee is not capable of curing the applicable default within such 10 day period and provided that Franchisee commences to cure such default within such 10 day period and thereafter diligently continues to prosecute such cure to completion If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Company may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure The description of any default in any notice served under this Agreement by Company upon Franchisee shall in no way preclude Company from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof

14 5 **Reimbursement of Company Costs** In the event of default by Franchisee, all of Company's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Company's administrative employees shall be paid to Company by Franchisee within 5 days after cure or upon demand by Company if such default is not cured

14 6 **Notice Required By Law** Notwithstanding anything to the contrary contained in this Article, in the event Applicable Law limits Company's rights of termination or shall require longer notice or cure periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice and/or cure periods or restrictions upon termination required by Applicable Law Company shall not, however, be precluded from contesting the

validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof

14 7 **__Termination by Franchisee__** Franchisee may terminate this Agreement due to a material default by Company of its obligations hereunder, which default is not cured by Company within 60 days after Company's receipt of prompt written notice by Franchisee to Company detailing the alleged default with specificity, provided, that if the default is such that it cannot be reasonably cured within such 60 day period, Company shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such cure to completion This is a material term of this Agreement and an arbitrator, judge or referee shall not, and shall not have the power or authority to excuse, waive, modify or change this requirement in any proceeding If Franchisee terminates this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of ARTICLE 15

## ARTICLE 15
## RIGHTS AND OBLIGATIONS UPON TERMINATION, EXPIRATION, NON-RENEWAL, ETC

15 1 **__General__** In the event of rescission of this Agreement, and/or upon the expiration or termination (including nonrenewal) of Franchisee's rights granted under this Agreement

15 1 1 Franchisee shall immediately cease to use all Confidential Information, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia Franchisee shall immediately return the Manual(s), all training materials, CD ROMs, DVDs, records, customer lists, IS Data, files, advertising and promotional materials and all other written materials incorporating or containing Confidential Information Franchisee shall at its own cost make cosmetic changes to the Franchised Business so that it no longer contains or resembles Company's proprietary designs and trade dress Franchisee shall remove all materials that would identify the Franchised Business as a Restaurant and otherwise as a business operated under the Marks, System and Standards, and remove distinctive cosmetic features and finishes, lighting, FFE, decor, logos, signs, menus, decals, floor and wall coverings and colors, and exterior finishes and colors, as Company may direct Franchisee shall, at Company's request, immediately grant Company access to the Franchised Business to make cosmetic changes to the Franchised Business so that it no longer resembles a Restaurant Company is permitted to identify in the Manual(s) additional actions Franchisee must take following termination or expiration (including nonrenewal) to de-identify the Franchised Business, and Franchisee will timely perform all such additional actions

15 1 2 Company may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Company, its Affiliates, and/or Suppliers

15 1 3 Any and all obligations of Company to Franchisee under this Agreement shall immediately cease and terminate

15 1 4 Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a franchisee or other affiliate of Company

15 1 5 Franchisee shall transfer and assign to Company or its designee all telephone numbers, white and yellow page listings, on-line telephone listings and all other associated listings for the Franchised Business, and Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Franchised Business, and authorize and instruct their transfer to Company

15 1 6 If Company had authorized Franchisee to use the Marks in connection with the internet, any website or e-mail address, or social media Franchisee shall cancel or assign to Company or its designate, as Company directs, all of Franchisee's right, title and interest in any internet websites or web pages, e-mail addresses, social media listings, domain name listings and registrations which contain the Marks, or any of them, and Franchisee shall notify the persons and Entities of the termination of Franchisee's right to use any domain name, web page, social media listing, and other internet device associated with Company or the Franchised Business, and authorize and instruct their cancellation or transfer to Company, as directed by Company Franchisee is not entitled to any compensation from Company if Company exercises its said rights or options For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the internet, except with the prior consent of Company

15 1 7 Franchisee shall immediately return and cease using all Proprietary Systems and following Franchisee's return of such software and data, certify Franchisee's permanent deletion of all electronic copies of the same in Franchisee's possession or control

15 1 8 In the event Franchisee has registered any of Company's Marks as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Company's Marks and any confusingly similar marks or names therefrom

15 2 **Termination Without Prejudice** The expiration or termination (including nonrenewal) of this Agreement shall be without prejudice to the rights of Company against Franchisee and such expiration or termination (including nonrenewal) shall not relieve Franchisee of any of its debts, obligations to liabilities, to Company existing at the time of expiration or termination (including nonrenewal) or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination (including nonrenewal) of this Agreement, including without limitation, any such debt, obligation or liability which was the cause of termination or arose out of such cause It is expressly understood and agreed that the promises and agreements of Franchisee contained in this Agreement are also for the benefit of Company's Affiliates and designees, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to protect or enforce their respective interests, including, without limitation, obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement

## ARTICLE 16
## RELATIONSHIP OF PARTIES, INDEMNITY

16 1 **Relationship of Franchisee to Company** It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of

franchisor and franchisee It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent Franchisee will not hold itself out as the agent, representative, employee, partner or co-venturer of Company All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company's control Franchisee shall file its own tax, regulatory and payroll reports and be responsible for all employee benefits and workers compensation payments with respect to its employees and operations, saving and indemnifying the Company from any liability of any nature whatsoever Franchisee shall not have the power to bind or obligate Company Company and Franchisee agree that the relationship created by this Agreement is one of independent contractor and is not a fiduciary relationship

16 2 **Indemnity** Franchisee shall protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property (including data loss or damage) arising out of or in connection with (i) any breach of this Agreement by Franchisee, any Restricted Person or any Immediate Family Member, (ii) Franchisee's development, construction (including latent or patent defects), operation, maintenance of the Franchised Business, the Premises, any real property occupied by the Franchised Business, or the conduct to Franchisee's business, (iii) Franchisee's operation, marketing, advertising, promotion, offer for sale, sale, or provision of any products or services, (iv) any and all alleged torts, negligent acts, breaches of contract, fraud, omissions by Franchisee or its agents, representatives, contractors, or employees, and (v) the alleged failure of Franchisee to comply with Applicable Law Company shall give Franchisee written notice of any claim for which Company demands indemnity, provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation Company shall retain the right and power to direct, manage, control and settle the litigation of any claim Any payments made ~~by~~to an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims

## ARTICLE 17
## MEDIATION, WAIVER OF JURY TRIAL, VENUE, TIME FOR BRINGING CLAIMS

17 1 **Mediation** Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than seeking judicial relief for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the then-current Commercial Mediation Rules of the American Arbitration Association The mediation provided for hereunder shall be commenced by the party requesting mediation providing written notice to of the request for mediation (the "request") to the party with whom mediation is sought The request shall specify with reasonable particularity the matter or matters on which mediation is sought Such mediation shall be conducted in Los Angeles, California and shall be conducted and completed within 60 days

following the date of the request, or such longer period as may be agreed upon by the parties in writing If the parties fail to complete the mediation within such 60 day period (or agreed longer period, as applicable), either party may initiate litigation The fees and expenses of the mediator shall be shared equally by the parties The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose, provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation Failure to comply with this provision prior to commencement of litigation shall constitute a waiver of the right to recovery attorneys' fees in any action, irrespective of whether such recovery of attorneys' fees and costs is permitted by statute, agreement or otherwise

17 2 **Waiver of Jury Trial, Venue** TO THE EXTENT PERMITTED BY APPLICABLE LAW THE PARTIES (1) HEREBY WAIVE THEIR RIGHT TO JURY TRIAL WITH RESPECT TO ALL CLAIMS AND ISSUES ARISING UNDER, IN CONNECTION WITH, TOUCHING UPON OR RELATING TO THIS AGREEMENT, INCLUDING ANY BREACH AND/OR THE SCOPE OF THE PROVISIONS OF THIS SECTION 17 2, WHETHER SOUNDING IN CONTRACT OR TORT, AND INCLUDING ANY CLAIM FOR FRAUDULENT INDUCEMENT, AND (2) AGREE THAT LOS ANGELES, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT

| | | |
|---|---|---|
| ____________<br>FRANCHISEE<br>INITIALS | ____________<br><br>INITIALS | <br>COMPANY |

17 3 **Time for Bringing Claims** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Franchisee, or Franchisee's operation of the Franchised Business, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations, (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim, or (c) two (2) years after the first act or omission giving rise to an alleged claim, or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred Claims of Company attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations

## ARTICLE 18
## MISCELLANEOUS PROVISIONS

18 1 **Notices** Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties shall be deemed so

delivered at the time delivered by hand, one business day after deposit with a reputable overnight courier, one business day after transmission by electronic system expressly approved in the Manuals(s) as appropriate for delivery of notices under this Agreement (with confirmation copy sent by U S mail or by reputable overnight courier, postage prepaid) and addressed as follows

If to Company
Pizza Studio Franchise Company LLC
~~26010 Mureau Road Suite 140~~
~~Calabasas, CA 91302~~
978 Blue Mountain Circle
Westlake Village, California 91362
Attn Chief Executive Officer

With copy to (which will not constitute notice)
Bryan Cave LLP
120 Broadway, Suite 300
Santa Monica, California 90401
Attn Keith D Klein, Esq

If to Franchisee
____________________
____________________
____________________

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties

18 2 **Company's Right To Cure Defaults** In addition to all other remedies, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Company may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Company shall be due and payable on demand and shall be deemed to be additional compensation due to Company and shall be added to the amount of compensation next accruing, at the election of Company

18 3 **Waiver and Delay** No waiver by Company of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it under this or any other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Franchised Business) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the Effective Date (and whether or not related to the Franchised Business), shall constitute a waiver of the provisions of this Agreement or the Standards with respect to any subsequent default, or a waiver by Company of its right at any time thereafter to require exact and strict compliance Company will consider written requests by Franchisee for

Company's consent to a waiver of any obligation imposed by this Agreement  Franchisee agrees, however, that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case-by-case basis, and nothing shall be construed to require Company to grant any such request  Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and may be revoked, in Company's discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee  Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request

18 4 **Survival of Obligations** Termination or expiration (including nonrenewal) shall be without prejudice to any other rights or remedies that Company or Franchisee, shall have in law or in equity  In no event shall a termination or expiration (including nonrenewal) of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement  The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration or post-nonrenewal) covenants and agreements shall survive the termination or expiration (including nonrenewal) of this Agreement

18 5 **Successors and Assigns, Benefit** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained in this Agreement  This Agreement is for the benefit of the parties only, and, except as expressly provided in this Agreement, is not intended to and shall not confer any rights or benefits upon any person who is not a party to this Agreement

18 6 **Governing Law** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws principles, except that (a) the provisions in Section 12 1 and to the extent applicable, Section 12 6, which shall be governed by the laws of the state in which the Franchised Business is located, and (b) and state law relating to (1) the offer and sale of franchises (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph

18 7 **Entire Agreement, Amendments** This Agreement and the Manual(s) contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this Agreement  No other agreements concerning the subject matter of this Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties  All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this Agreement, are merged and are expressly superseded by this Agreement, except such representations as are made in any franchise disclosure document required to be received by Franchisee under Applicable Law  and any representations made by Franchisee in acquisition of this Agreement  No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Agreement or in any franchise disclosure document required to be received by Franchisee under Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise  This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties hereto

Franchisee acknowledges that no oral or written statements, promises regarding this Agreement or the parties relationship, whether consistent or inconsistent with the terms of this Agreement, have been made to Franchisee, and that Franchisee is not relying on any statement or representation other than those in this Agreement and any franchise disclosure document required to be received by Franchisee under Applicable Law Franchisee agrees that it will not attempt to introduce any evidence of such statements in court or any other proceeding to challenge the terms of this Agreement or the validity of the Agreement as a whole, whether such challenge is based on fraud, tort, breach of contract or otherwise Nothing in this Agreement, including all attachments hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof is intended to disclaim the representations Company made in any required franchise disclosure document received by Franchisee Franchisee has read all of the terms of this Agreement, including, the preceding paragraph ______________ [franchisee initial]

18 8 **Titles For Convenience** Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement

18 9 **Gender and Construction** The terms of the Recitals and all Exhibits and attachments to this Agreement are incorporated into and made a part of this Agreement as if set forth in full All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section may require As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense When a reference is made in this Agreement to an Article, a Section or Exhibit, such reference shall be to an Article or a Section of, or an Exhibit to, this Agreement unless otherwise indicated Unless otherwise expressly provided in this Agreement to the contrary, any consent, acceptance, approval or authorization of Company which Franchisee may be required to obtain may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Standards or satisfaction, Company may do so in its sole subjective judgment and discretion No provision in this Agreement expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties Company and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable

18 10 **Severability** Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law Whenever there is any conflict between any provisions of this Agreement or the Manual(s) and any Applicable Law contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manual(s) thus affected shall be curtailed and limited only to

the extent necessary to bring it within the requirements of Applicable Law If any part, article, section, sentence or clause of this Agreement or the Manual(s) shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement or the Manual(s) shall continue in full force and effect

18 11 **Counterparts** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument

## ARTICLE 19
## REPRESENTATIONS AND WARRANTIES BY FRANCHISEE

19 1 **Representations and Warranties** Franchisee represents and warrants to Company that

19 1 1 It has independently investigated this opportunity and recognizes that, like any other business, the nature of a Restaurant will evolve and change over time

19 1 2 An investment in a Restaurant involves business risks that could result in the loss of a significant portion or all of Franchisee's investment

19 1 3 Franchisee's business abilities and efforts are vital to the Franchised Business's success

19 1 4 Retaining customers to a Restaurant will require a high level of customer service and strict adherence to the System and Standards

19 1 5 Franchisee has not received from Company, and is not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Restaurant

19 1 6 Company has not made any representation, warranty or other claim regarding this opportunity, other than those made in this Agreement and any franchise disclosure document delivered to Franchisee, and that Franchisee has independently evaluated this opportunity, including by using its own business professionals and advisors, and has relied solely upon those evaluations in deciding to enter into this Agreement

19 1 7 Franchisee has represented to Company, to induce its entry into this Agreement, that all statements Franchisee has made and all information it has given Company is accurate and complete and Franchisee has made no misrepresentations or material omissions in obtaining the franchise

19 1 8 Franchisee has read this Agreement and any franchise disclosure document delivered to Franchisee and understands and accepts that this Agreement's terms and covenants are reasonably necessary for Company to maintain high standards of quality and service, as well as the uniformity of those standards at each Restaurant, and to protect and preserve the goodwill of its Marks

19 1 9 Franchisee has been afforded an opportunity to ask any questions it has and to review any appropriate materials of interest to it concerning this opportunity

19 1 10 Franchisee has been afforded an opportunity, and has been encouraged by Company, to have this Agreement and all other agreements and materials it has been given or made available to it by Company, reviewed by an attorney and has either done so or chosen not to do so

19 1 11 Franchisee has capital and net worth that is sufficient to invest in this opportunity, and it will have sufficient funds to meet all of its obligations under this Agreement

19 1 12 FRANCHISEE ACKNOWLEDGES THAT COMPANY'S DECISIONS TO ENFORCE OR NOT TO ENFORCE COMPLIANCE BY OTHER FRANCHISEES WITH THEIR OBLIGATIONS AND STANDARDS SHALL NOT AFFECT COMPANY'S RIGHT TO ENFORCE SUCH OBLIGATIONS AND STANDARDS AGAINST FRANCHISEE, EVEN UNDER SIMILAR CIRCUMSTANCES FRANCHISEE IS ALSO AWARE THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND THAT, CONSEQUENTLY, COMPANY'S AND SUCH FRANCHISEE'S RESPECTIVE OBLIGATIONS AND RIGHTS MAY DIFFER MATERIALLY FROM THE PARTIES' RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT

**[SIGNATURE PAGE FOLLOWS]**

## ARTICLE 20
## SUBMISSION

20 1 <u>**Submission of this Agreement**</u> The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution by both Company and Franchisee This Agreement shall not be binding on Company unless and until it shall have been accepted and signed on its behalf by an authorized officer of Company

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date

**"Company"**

**Pizza Studio Franchise Company LLC,**
**a Delaware limited liability company**

By ____________________________

Date of Execution

Name __________________________

Its ____________________________

**"Franchisee"**

_______________________
Date of Execution

_______________________,
[ ] an individual,
[ ] a _______________ general partnership
[ ] a _______________ limited partnership
[ ] a _______________ limited liability company
[ ] a _______________ corporation

_______________________
Name _______________________
Its _______________________

**EXHIBIT A**

**PROTECTED AREA**

Check Applicable Box

[ ]  The area outlined on the attached map and described as follows

[ ]  The area described as follows

* If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary

# EXHIBIT B

## Defined Terms

In this Agreement in addition to those terms defined elsewhere, the following capitalized terms shall have the meanings set forth below

"**Accounting Period**" means the period(s) designated by Company from time to time in writing (upon no less than 30 days prior written notice) as "Accounting Period(s)" As of the date of this Agreement each accounting period is a one calendar week period (with such one week period beginning on Monday and ending on Sunday)

"**Additional Training**" shall have the meaning set forth in Section 6.4.1

"**Affiliate**" when used in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable Without limiting the foregoing, the term "Affiliate" when used in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise Notwithstanding the above definition, if Company or its Affiliate has any ownership interest in Franchisee, the term "Affiliate" shall not include or refer to Company or that Affiliate (the "**Company Affiliate**"), and no obligation or restriction upon an "Affiliate" of Franchisee, shall bind Company, or Company's Affiliate or their respective parents or subsidiaries, officers, directors, or managers

"**Agreement**" means this Franchise Agreement, together with all exhibits and addenda to this Franchise Agreement

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war

"**Applicable Law**" means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, those governing the development, construction and operation of the Franchised Business, including all health and safety, labor, immigration, food and drug laws and regulations, the Americans with Disabilities Act, zoning laws, construction codes, and permit variance, conditional use permit or similar requirements and conditions, all as may be amended, supplemented or enacted from time to time

"**Assets**" means all of the following personal property and assets owned by Franchisee or in which Franchisee otherwise has any rights, and located at, or used in connection with the Franchised Business (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, general intangibles, receivables, claims of Franchisee, all guaranties and security therefor and all of Franchisee's right, title and interest in the goods purchased and represented by any of the foregoing, (b) all chattel paper including electronic chattel paper and tangible chattel paper, (c) all documents and instruments, (d) all letters of credit and letter-of-credit rights and all supporting obligations, (e) all deposit accounts, (f) all investment property and financial assets, (g) all inventory and products thereof and documents therefor, (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto, (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records, (j) all software including computer programs and supporting information, (k) all commercial tort claims, (l) all other personal property of Franchisee of any kind used in connection with the Franchised Business, and (m) all proceeds of the foregoing, including proceeds of insurance policies The terms used in this definition shall have the meanings given them in the California Uniform Commercial Code if defined in such code

"**Assignment**" means any assignment, transfer, gift, lien, pledge, mortgage, hypothecation, encumbrance, or grant of a security interest, in whole or in part, voluntarily or involuntarily, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee's rights or privileges under this Agreement, or all or a substantial portion of the Assets, excluding only an equipment lease arrangement or financing arrangement for equipment on an arm's-length basis If Franchisee is an Entity, each of the following shall be deemed to be an Assignment (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee, (ii) the issuance or change of any securities by, or Equity of, Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date or the date of the last Assignment for which Company granted its consent, whichever is later, owning less than 51% of the outstanding Equity or voting power of Franchisee, (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner, (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee, (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Franchisee or any Owner, and/or (vi) transfer of control of Franchisee, however effected

"**Authorized Products**" means the food, dough, toppings, proteins, sides, salads, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged foods, books, hats, CDs, DVDs and other media, apparel, retail items, and gift or loyalty cards, as specified by Company from time to time in the Manual(s), or as otherwise directed by Company in writing, for sale at a Restaurant (or the Franchised Business), all which are purchased, prepared, sold and/or manufactured in strict accordance with Company's recipes, and Standards, including specifications as to ingredients, brand names, preparation and presentation

"**Brand Fee**" shall have the meaning set forth in Section 4 3

"**Brand Fund**" shall have the meaning set forth in Section 4.3

"**Competitive Activities**" means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant 10% or more of whose gross sales is derived from the sale of pizza or calzone, other than a Restaurant operated pursuant to a validly subsisting Franchise Agreement with Company, or (ii) any business that specializes in developing, operating or franchising restaurants 10% or more of whose gross sales is derived from the sale of pizza or calzone, or (iii) any business engaged in the preparation, production or sale, at wholesale, of any pizza or calzone food product, or (iv) any business that develops, owns, operates, or franchises a Fast Casual Pizza Restaurant Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity

"**Confidential Information**" means proprietary and confidential information, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Franchised Restaurant and producing and preparing Authorized Products

"**Continuing Royalty**" shall have the meaning set forth in Section 4.2

"**Crisis Management Event**" means any event that occurs at or about the Franchised Business that has or may cause harm or injury to customers or employees, such as criminal conduct, allegations of criminal conduct, food or product tampering /sabotage, natural disasters, terrorist acts, shootings, or any other circumstance which may injure or impair the System, Marks, or image or reputation of Restaurants or Company or its Affiliates

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement

"**Effective Date**" means the date indicated in the first paragraph of this Agreement

"**EFT**" shall have the meaning set forth in Section 4.6

"**Entity**" means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual

"**Equity**" means capital stock, membership interests, Partnership Rights, other equity ownership interests of an Entity, or right to receive profits or losses of an Entity

"**Fast Casual Pizza Restaurant**" means a restaurant or other establishment that derives 10% or more of its gross sales from the sale of pizza or calzone and that (i) has an average per-meal charge that is not less than 50% of the then-current average per-meal charge for Restaurants in the United States of America and no more than 150% of the then-current average per-meal charge for Restaurants in the United States of America, (ii) may or may not have dedicated seating, (iii) may or may not provide table service for the delivery of food and/or beverages, and (iv) does not provide table service for the collection of orders or payment

"**FFE**" means all required and suggested furniture, fixtures, equipment (including TURBOCHEF ovens), Information Systems, accessories, menu boards, decor items, signs and other items Company designates as FFE in the Manual(s) that Company requires from time to time for the Franchised Business and the business Franchisee operates under this Agreement

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances, war, terrorist acts, riot, or other civil disturbance, epidemics, or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided, provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure

"**Franchised Business**" means, as context requires, the Restaurant to be developed, or already developed, at the Protected Area by Franchisee pursuant to this Agreement

"**Governmental Authority**" means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities

"**Gross Sales**" means the total of all revenues received or receivable by Franchisee as payment, whether in cash, for credit or barter or received as scholarship or donation, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold or provided in or from the Franchised Business, or which are promoted or sold under any of the Marks, whether or not Company has authorized such goods or services to be offered and sold, including, (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Entity (including Franchisee's Affiliate(s)) from the Franchised Business, (b) revenues from sales of products or services at location, whether in compliance or in contravention of this Agreement, and (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible (but assuming the full gross revenues achievable by Franchisee) Notwithstanding the foregoing, "Gross Sales" shall exclude the following (i) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised

Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from the Franchised Business, provided that such taxes are actually transmitted to the appropriate Governmental Authority, (ii) tips or gratuities paid to employees, and (iii) proceeds from isolated sales of FFE (other than inventory) not constituting any part of the products offered for resale at the Franchised Business nor having any material effect upon the ongoing operation of the Franchised Business required under this Agreement

"**Heirs**" shall have the meaning set forth in <u>Section 14.3.2</u>

"**Immediate Family Member**" means with respect to each Restricted Person the spouse and each family member who lives in the same household as that Restricted Person

"**Information**" shall have the meaning set forth in <u>Section 10.1</u>

"**Information Systems**" means all electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale and cash collection systems, order systems, email systems, data systems, network systems, printer systems, internet systems, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment

"**Initial Training Program**" shall have the meaning set forth in <u>Section 6.1.1</u>

"**Intranet**" shall mean, as designated by Company, any access network, software application or website portal intended to directly interface with Franchisee in connection with the System and for the operation of the Franchised Business

"**Local Advertising Expenditure**" shall have the meaning set forth in <u>Section 8 2</u>

"**Manual(s)**" means Company's operations and training manual(s), and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manual(s) and written directives established by Company

"**Marks**" shall have the meaning set forth in <u>Recital B</u> above

"**Non-Traditional Venue**" means a location within another primary business or in conjunction with, or in the same trade area as, institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, amusement parks, arenas, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider

"**Notice of Election**" shall have the meaning set forth in <u>Section 3.3.1</u>

"**On-Site Training**" shall have the meaning set forth in <u>Section 6 2</u>

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term "Owner" shall not include or refer to Company or that Company Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, or said Affiliate or their respective direct and indirect parents and subsidiaries, or their respective officers, directors, or managers

"**Partnership**" means any general partnership, limited partnership, or limited liability partnership

"**Partnership Rights**" means voting power, property, profits or losses, or partnership interests of a Partnership

"**Permits**" means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law

"**Premises**" means the premises owned, leased or subleased by Franchisee at the Location, including any ancillary common area(s), parking lot(s), campus(es), building(s) and/or other structures associated with the Premises

"**Restricted Persons**" means Franchisee, and each of its Owners and Affiliates, and their respective officers, directors, managers, and Affiliates, and the Operating Principal, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, (i) the term "Restricted Person" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, (ii) the term "Restricted Person" shall not include or refer to any manager, officer or director of Franchisee that is designated to be manager, officer or director of Franchisee by the Company or its Affiliates, and (iii) no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers

"**ROFR**" shall have the meaning set forth in <u>Section 13 3</u>

"**ROFR Period**" shall have the meaning set forth in <u>Section 13.3</u>

"**Site Review Request**" shall have the meaning set forth in <u>Section 5.1.2</u>

"**Standards**" means the then-current specifications, standards, policies, procedures, methods of operation, and rules Company prescribes for the development, ownership and operation of Restaurants and the offer and sale of products and services from a Restaurant, as modified by Company from time to time in writing Standards may be designated by Company as mandatory or suggested Compliance with "suggested" Standards is not required

"**Successor Agreement Right**" shall have the meaning set forth in <u>Section 3.2.1</u>

"**Successor Franchise Agreement**" shall have the meaning set forth in Section 3.2.1

"**Successor Term**" shall have the meaning set forth in Section 3.2.1

"**Supplier**" shall have the meaning set forth in Section 9.2

"**System**" shall have the meaning set forth in Recital C above

"**Term**" shall have the meaning set forth in Section 3 1

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U S Government Authority, including U S Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U S countries, terrorism sponsoring organizations and international narcotics traffickers

"**Travel Expenses**" means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Company's employees', agents' and/or representatives' expenses, a per diem charge determined by Company in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses

"**Venue**" means any site or location other than a Non-Traditional Venue

## EXHIBIT C

Electronic Funds Transfer

Authorization To Honor Charges Drawn By and Payable To

Pizza Studio Franchise Company LLC

| Bank Name | Account No | 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 it if were a check drawn and signed by the Depositor It is further agreed that is 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 takes by the Depository or Payee pursuant to the request and authorization, or in any manner arising by reason of the Depository's or Payee's participation

Name of Depository ______________________________________________

Name of Depositor ______________________________________________

Designated Bank Account ______________________________________________
(Please attach one voided check for the above account)

Business Number ______________________________________________

For information call ______________________________________________

Address ______________________________________________

Phone # ______________________ Fax # ______________________

Name of Franchisee/Depositor (please print)

By ______________________________________________
Signature and Title of Authorized Representative

Date ______________________________________________

**EXHIBIT D**

**LEASE ADDENDUM**
**Addendum to Lease**

THIS ADDENDUM TO LEASE ("**Addendum**") is made this __ day of _____, 20__ by and between ____________________ ("**Landlord**") and ____________________ ("**Tenant**") and Pizza Studio Franchise Company LLC, a Delaware limited liability company ("**Company**"), with reference to the following facts

A Company and Tenant are parties to that certain Franchise Agreement dated ____________________, 20____ (the "**Franchise Agreement**")

B Landlord and Tenant desire to enter into a lease (the "**Lease**") pursuant to which Tenant will occupy the premises located at ____________________ (the "**Premises**") for a "Pizza Studio" restaurant (the "**Store**") licensed under the Franchise Agreement

C Tenant is required to execute and to cause Landlord to execute this Addendum

NOW, THEREFORE, the parties agree as follows

1 Notwithstanding anything to the contrary contained in the Lease

(a) The Premises shall only be used as a "Pizza Studio" restaurant and be constructed and improved pursuant to the Franchise Agreement including exterior signs displaying Company's service marks, in accordance with Company's standards and specifications

(b) Company or its designee shall have an option, without cost or expense to Company or such designee, to assume the Lease, or execute a substitute lease on the same terms, in the event of termination or expiration (including nonrenewal) of the Franchise Agreement for any reason,

(c) Company or its designee shall have the right (but not the obligation) to succeed to Tenant's rights under the Lease if Tenant fails to exercise any option to renew, and or extend the term of the Lease,

(d) Upon Tenant's actual or alleged default under the Lease, the Landlord shall notify Company in writing at least 15 days prior to the date of termination or non-renewal of the Lease and, in the case of a default, Company or its designee shall have the right, but not the obligation, without liability to Tenant, to cure the default and to succeed to Tenant's rights under said Lease or request that the Landlord terminate the Lease and enter into a substitute Lease with Company on the same terms by giving written notice of such election to Tenant and such Landlord,

(e) Tenant shall have the unrestricted right, without Landlord consent, payment to Landlord or modification of any term of the Lease, during the entire term of the Lease (including any renewal terms) to assign or sublet the Premises to Company, its designee, or any franchisee or licensee approved by Company and who meets Landlord's reasonable financial suitability requirements,

(f) Except as permitted above, the Lease may not be assigned, subleased, modified or amended without Company's prior written consent and that Company shall be provided with copies of all such assignments, subleases, modifications and amendments,

(g) Landlord must disclose to Company, upon Company's request, all sales and other information furnished to the Landlord by Tenant, and

(h) Upon expiration or termination of the Lease for any reason, Tenant shall, upon Company's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a Store, and otherwise comply with the Franchise Agreement If Tenant shall fail do so, Company will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Tenant shall reimburse Company for all direct and indirect costs and expense it may incur in connection therewith, including attorneys' fees

2 If Company or its designee elects to succeed to Tenant's rights under the Lease, Tenant shall assign to Company or such designee all of its right, title and interest in and to the Lease Upon such assignment, Landlord shall attorn to Company or such designee as the tenant under the Lease Tenant shall execute and deliver to Company or such designee such assignment and take such further action as Company or such designee, may deem necessary or advisable to effect such assignment, upon demand, Company or such designee shall be, and hereby is, appointed Tenant's attorney in fact to execute such assignment and/or take further action in Tenant's name and on its behalf This power of attorney granted by Tenant to Company and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Tenant Any sum expended by Company or such designee to cure Tenant's default of the Lease shall be deemed additional sums due Company and Tenant shall pay such amount to Company upon demand

3 Nothing in the Lease or this Addendum shall neither create or purport to create any obligations on behalf of Company to Landlord or Tenant Nothing in the Lease or this Addendum shall grant or purport to grant to Landlord any right to pursue any claim against Company arising out of Tenant's breach or default under the Lease

4 In the event of any conflict or inconsistency between the Lease and this Addendum, this Addendum shall control

[Signature page follows ]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first set forth above

**"Landlord"**

______________________________

By ______________________________
Name ______________________________
Its ______________________________

**"Tenant"**

______________________________

By ______________________________
Name ______________________________
Its ______________________________

**"Company"**

Pizza Studio Franchise Company LLC,
a Delaware limited liability company

By ______________________________
Name ______________________________
Its ______________________________

## EXHIBIT E

## INSURANCE REQUIREMENTS

Set forth below are the types and minimum coverage amounts that we currently require for each Franchised Business

| | |
|---|---|
| **COMMERCIAL GENERAL LIABILITY** | |
| Bodily Injured and Property Damage | $1,000,000 per occurrence combined general, $5,000,000 combined aggregate |
| Personal Injury and Advertising Injury | $1,000,000 any one person or organization |
| Products/Completed Operations | $2,000,000 annual aggregate |
| Fire Legal Liability | $1,000,000 any one fire |
| Water and Liquid Damage Legal Liability | $1,000,000 any one occurrence |
| **PROPERTY** | |
| Goods, fixtures, furniture, equipment, and other personal property used in the Franchised Business | 100% of their full replacement cost Insurance to include coverage for loss of income and extra expenses, for the actual loss incurred, and include coverage for Franchisee's obligations to Company and its Affiliates |
| **OTHER** | |
| Workers Compensation | STATUTORY |
| Employer's Liability | $1,000,000 per employee, bodily injury by disease,<br>$1,000,000 policy limit, bodily injury by disease,<br>$1,000,000 per employee, bodily injury by accident |
| Umbrella Liability | $5,000,000 any one occurrence,<br>$5,000,000 annual aggregate |
| Business Interruption | As required under the manuals |

Franchisee acknowledges that these are minimum requirements, Company does not represent that these coverages will be sufficient to cover all losses Franchisee is advised to seek counsel and use its own judgment as to coverages appropriate to Franchisee's situation

# EXHIBIT F

## Entity Information

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects

(1) Franchisee is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) ______________________

(2) Franchisee shall provide to Company concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to the foregoing ("**Entity Documents**")

(3) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee

(4) The name and address of each of Franchisee's Owners, members, or general and limited partner

| NAME | ADDRESS | NUMBER OF SHARES / PERCENTAGE INTEREST |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

5 There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business

NAME ADDRESS
______________________________________________
______________________________________________
______________________________________________
______________________________________________

6 The address where Franchisee's Financial Records, and Entity records (e g , Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc ) are maintained is ______________________________________________
______________________________________________

**Exhibit B**

**Area Development Agreement**

# PIZZA STUDIO
# AREA DEVELOPMENT AGREEMENT

**BY AND BETWEEN**

**PIZZA STUDIO FRANCHISE COMPANY LLC**

**AND**

______________________________________

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# AREA DEVELOPMENT AGREEMENT

THIS **AREA DEVELOPMENT AGREEMENT** (the "**Agreement**") is made and entered into this ___ day of _________, 20____ (the "**Effective Date**") by and between Pizza Studio Franchise Company LLC, a Delaware limited liability company (the "**Company**"), and _________________, a(n) _________________ ("**Developer**"), with reference to the following facts

A Company has the right to sublicense the "Pizza Studio" name, trademark and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs authorized by Company for use from time to time (the "**Marks**") in connection with the development, operation and maintenance of "Pizza Studio" restaurants, which are operated in accordance with Company's prescribed methods and business practices (each a "**Pizza Studio Business**")

B Company desires to expand and have Pizza Studio Businesses developed in the Development Area, and Developer wishes to develop Pizza Studio Businesses in the Development Area, upon the terms and conditions as set forth in this Agreement

**NOW, THEREFORE,** the parties agree as follows

## ARTICLE 1
## GRANT OF DEVELOPMENT RIGHTS

1 1 Certain Fundamental Definitions and Applicable Information In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires

"**Expiration Date**" means _________________, 20__

"**Developer Notice Address**" is ___________________________

___________________________

___________________________

"**Total Development Fee**" means $________________

"**Operating Principal**" means ___________________________, or such other individual hereafter designated by Developer, and accepted by Company (and until subsequently disapproved by Company), to serve as the authorized representative of Developer, who Developer acknowledges and agrees shall act as Developer's representative, who shall hold 10% or more of the Equity of Developer, and who shall have the authority to act on behalf of Developer during the Term

1 2 Grant of Development Rights

1 2 1 Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Developer, and Developer hereby accepts, the right and obligation, during the Term (defined below), to develop Traditional Pizza Studio Businesses (defined below) in the geographic area defined in Exhibit A, which is attached hereto and by this reference made a part hereof (the "**Development Area**") An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Exhibit A

1 2 2 No right or license is granted to Developer hereunder to use the Marks or any other trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Company, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto Without limiting the generality of the foregoing, nothing in this Agreement shall permit Developer to own or operate a Pizza Studio Business, except pursuant to duly executed and subsisting Franchise Agreement Developer shall not use the Marks or any other trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Company

1 3 Exclusivity

1 3 1 During the Term of this Agreement, neither Company nor its Affiliates will operate or grant a license or franchise to any other person or Entity to operate a Traditional Pizza Studio Business within the Development Area

1 3 2 Except as provided in Section 1.3.1, Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, licensees, assigns, agents and others

(a) to own or operate, and to license others to own or operate (i) Pizza Studio Businesses, the physical location of which are located outside of the Development Area, regardless of proximity to the Development Area, (ii) businesses that provide goods and services within and outside of the Development Area, regardless of proximity to the Development Area, (iii) Pizza Studio Businesses and other businesses, the physical location of which are located at Non-Traditional Venues, and/or (iv) businesses operating under names other than under the Marks at any location, and of any type whatsoever, regardless of their proximity to the Development Area and whether or not such businesses use any portion of the System, offer similar products and services, or compete with Pizza Studio Businesses,

(b) to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks to any person or Entity, at or through any location or outlet (other than a Pizza Studio Business, the physical premises of which are located within the Development Area, except for Pizza Studio Businesses located at Non-Traditional Venues), regardless of proximity to the Development Area, and through any distribution channel, at wholesale or retail, including by means of the internet or internet web site, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates,

(c) to advertise and promote the System through any means, including the internet or internet web site, temporary or permanent displays of products or services, including those offered or sold through Pizza Studio Businesses, television, radio, billboards, email, text message, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion,

(d) to develop or become associated with other concepts (including dual branding and/or franchise systems), whether or not using the System and/or the Marks, and award franchises and/or licenses under other concepts for locations anywhere, and

(e) to engage in any other activities not expressly prohibited by this Agreement

1 4 Right of First Refusal for Non-Traditional Venues.

1 4 1 Notwithstanding Sections 1 2 1 and 1 3, Company hereby agrees that, if Developer is not then in breach of any of the terms of this Agreement or any other agreement between the parties, Company will not itself open, or franchise or license any third party to open, any Pizza Studio Business at any Non-Traditional Venue within the Development Area during the Term, without first providing Developer a right of first refusal ("**Refusal Right**"), for a least 30 days (the "**Option Period**"), to execute a franchise agreement for such location, on Company's then-current form of franchise agreement, as the same may be reasonably amended for the applicable Non-Traditional Venue Developer must exercise said Refusal Right, if at all, by executing Company's applicable franchise agreement and delivering the executed franchise agreement and applicable initial franchise fee to Company within the Option Period If Developer fails to do so within the Option Period, Company may open and operate, or license a third party to open and operate a Restaurant at the subject Non-Traditional Venue

1 4 2 Notwithstanding the Section 1.4.1, Company shall not be required to provide Developer the Refusal Right with respect to any location (i) for which the site owner or other controlling authority of the location has established operator qualification requirements, or other conditions, which Company knows or reasonably and in good faith believes Developer does not satisfy and which would not be waived or modified by the site owner or other controlling authority of the location to allow Developer to execute a franchise agreement for such location, or (ii) if a grant of rights to Developer with respect to such location would conflict with a contractual obligation of Company or its Affiliates

## ARTICLE 2
## DEVELOPER'S DEVELOPMENT OBLIGATION

2 1 Development Obligation

2 1 1 Within each Development Period specified in Exhibit B, Developer shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Traditional Pizza Studio Businesses required by the Development Obligation for that Development Period

2 1 2 Pizza Studio Businesses developed hereunder which are open and operating and which have been assigned to Affiliates of Developer in accordance with Section 7.2.2 with Company's consent, shall count in determining whether Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7 2 2

2 2 Force Majeure

2 2 1 Subject to Developer's continuing compliance with Section 2.2.2, should Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Company to deliver a Franchise Disclosure Document pursuant to Section 6.2, which results in the inability of Developer to construct or operate the Pizza Studio Businesses in all or substantially all of the Development Area, the particular Development Period during which the event of Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended Other than as a result of Force Majeure, any delay in Company's issuance of acceptance of any site under Article 6, including, as a result of Developer's failure to satisfy the conditions set forth in Section 6.3, shall not extend any Development Period

2 2 2 In the event of the occurrence of an event constituting Force Majeure, Developer shall promptly notify Company following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Developer's performance hereunder Developer shall continue to provide Company with updates and all information as may be requested by Company, including Developer's progress and diligence in responding to and overcoming the Force Majeure

2 3 Developer May Exceed The Development Obligation Developer may construct, equip, open and operate more than the total number of Pizza Studio Businesses comprising the Development Obligation with Company's prior written consent, not to be unreasonably withheld, provided, that such consent may be conditioned, among other things, on the payment of an additional development fee

## ARTICLE 3
## DEVELOPMENT AREA

3 1 Company's Right to Develop Notwithstanding Section 2.1 above, if during the Term of this Agreement, Developer is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.2), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Company to Developer Upon such termination, Company may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Traditional Pizza Studio Businesses at any site(s) within the Development Area, excluding sites in any Protected Territory granted to

Developer pursuant to the individual Franchise Agreement for each then existing Pizza Studio Business located in the Development Area

3 2 Protected Territory for Each Individual Pizza Studio Business Subject to certain conditions and reserved rights provided for in the Franchise Agreements, each such agreement executed pursuant hereto shall provide that Company and its Affiliates may not open or operate, or franchise or license the operation of, any Traditional Pizza Studio Business within a Protected Territory

## ARTICLE 4
## TERM OF AREA DEVELOPMENT AGREEMENT

4 1 Term The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the Expiration Date, or (ii) the date of execution of the Franchise Agreement granting Developer the right to open the last Pizza Studio Business necessary for Developer to fully satisfy the Development Obligation (the "**Term**")

4 2 Limited Additional Development Right If Developer shall determine that it desires to engage in further development of the Development Area in excess of the Development Obligation, Developer shall at the earlier of (i) 180 days prior to the scheduled expiration of the Term or (ii) the date on which acceptance of the proposed site for the last Pizza Studio Business required to meet the Development Obligation is issued, notify Company in writing ("**Additional Development Notice**") of Developer's desire to develop additional Pizza Studio Businesses in the Development Area and a plan for such development over a new term, setting forth the number of proposed Pizza Studio Businesses and the deadlines for the development of each of them within such proposed term This right of additional development by Developer shall be exercised only in accordance with Section 4 3 and is subject to the conditions set forth in Section 4 4 This Agreement is not otherwise renewable

4 3 Exercise of Right of Additional Development

4 3 1 If Company determines the additional development obligation proposed by the Additional Development Notice is unacceptable in any respect(s), Company and Developer shall (subject to Section 4 4) negotiate during the following 60 days in an effort to reach a mutually agreeable additional development obligation Each party may negotiate to protect its own interests as it deems appropriate in its discretion

4 3 2 If the additional development obligation proposed by the Additional Development Notice is acceptable to Company, or if Company and Developer reach agreement on an alternative additional development obligation (the "**Additional Development Obligation**") within said 60 day period, then Company shall deliver to Developer a copy of Company's Then-current Franchise Disclosure Document, if required by Applicable Law, and two copies of an amendment to this Agreement that provides for an extension of the term of this Agreement in accordance with the Additional Development Obligation, the payment of an additional development fee, and provide for the development of additional Pizza Studio



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Businesses in accordance with the Additional Development Obligation Promptly following Company's delivery of said amendment, but no sooner than immediately after the expiration of any applicable waiting period(s) prescribed by Applicable Law, Developer shall execute two copies of the amendment and return them to Company together with the applicable development fee, if any, for the Pizza Studio Businesses required by the Additional Development Obligation If Developer has so executed and returned the copies and has satisfied the conditions set forth in Section 4.4, Company will execute the copies and return one fully executed copy to Developer

4 4 Conditions to Exercise of Right of Additional Development Developer's right to additional development described in Section 4 2 shall be subject to Developer's fulfillment of the following conditions precedent

4 4 1 Developer (and each of its Affiliates which have developed or operate Pizza Studio Businesses in the Development Area) shall have performed, in all material respects, its obligations under this Agreement and all other agreements between Company and Developer (or the applicable Affiliate)

4 4 2 At the expiration of each Development Period and at the expiration of the Term, Developer shall have opened and shall thereafter have continued to operate, in the Development Area, not less than the aggregate number of Pizza Studio Businesses then required by the Development Obligation

4 4 3 Company and Developer shall have executed the amendment described in Section 4.3

4 4 4 Developer and all Affiliates of Developer who then have a currently effective franchise agreement or area development with Company shall have executed and delivered to Company a general release, on a form prescribed by Company, of any and all known and unknown claims against Company or its Affiliates, and their respective officers, directors, agents, shareholders and employees

4 5 Effect of Expiration Unless an Additional Development Obligation shall have been agreed upon, and an amendment to this Agreement shall have been executed by the parties pursuant to Sections 4 2 and 4 3, following the expiration of the Term, or the sooner termination of this Agreement, (a) Developer shall have no further right to construct, equip, own, open or operate additional Pizza Studio Businesses which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Developer (or an Affiliate of Developer) and Company which is then in full force and effect, and (b) Company or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Pizza Studio Businesses at any location(s) (within or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then existing Pizza Studio Business pursuant to a validly subsisting Franchise Agreement executed for such Pizza Studio Business

## ARTICLE 5
## PAYMENTS BY DEVELOPER

5 1 Development Fee Developer shall pay to Company, in cash, by wire transfer or by certified check, the Total Development Fee, representing $15,000 for each of the Pizza Studio Businesses required to be opened during the Term pursuant to the Development Obligation, in installments in accordance with the following

5 1 1 Concurrently with the execution of this Agreement, Developer shall pay to Company a non-refundable and non-recoupable sum equal to 50% of the Total Development Fee,

5 1 2 Concurrently with the execution of each Franchise Agreement executed for each Pizza Studio Business developed pursuant hereto and in addition to the Initial Franchise Fee payable thereunder, Developer shall pay to Company a non-refundable and non-recoupable sum of $7,500

5 2 Initial Franchise Fee Notwithstanding the terms of the Franchise Agreement executed for each Pizza Studio Business developed pursuant hereto, Developer shall pay to Company, in cash, by wire transfer or by certified check, an initial franchise fee of $25,000 (the "**Initial Franchise Fee**") for each Pizza Studio Business to be opened pursuant hereto, which Initial Franchise Fee shall be payable prior to the date that the applicable Pizza Studio Business opens to the public for business

5 3 Royalty Fee The Franchise Agreement executed for each Pizza Studio Business developed pursuant hereto, shall provide that the Continuing Royalty (as defined therein) shall be 5 5% of Gross Sales (as such term is defined in the Franchise Agreement)

## ARTICLE 6
## EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

6 1 Site Review

6 1 1 Promptly following the Effective Date, Developer shall promptly locate one or more proposed sites at sites other than Non-Traditional Venues that meet the Standards Developer shall submit in a form prescribed by Company such demographic and other information regarding the proposed site(s) and neighboring areas as Company shall reasonably require ("**Site Review Request**") Company may seek such additional information as it deems reasonably necessary, and Developer shall respond promptly to each request Company may accept or reject a proposed site in its sole discretion If Company accepts a proposed site it shall notify Developer in writing If Company does not deliver written notice of acceptance or rejection to Developer within 7 days of receipt of Developer's Site Review Request, or within 5 days after receipt of additional requested information, whichever is later, the site shall be deemed accepted Developer shall not enter into a lease or purchase agreement for accepted site unless and until the site has been accepted

6 1 2 Although Company may voluntarily (without obligation) assist Developer in locating an acceptable site for a Pizza Studio Business, neither Company's said assistance, if

any, nor its acceptance of any proposed site, whether initially proposed Developer or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Pizza Studio Business at that site by Developer, and Company hereby expressly disclaims any responsibility therefor Developer acknowledges its sole responsibility for finding each site for the Pizza Studio Businesses it develops pursuant to this Agreement

6 2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement

6 2 1 Subject to Section 6 3, after Company's acceptance of each proposed site, Company shall deliver to Developer a copy of Company's Then-current Franchise Disclosure Document if and as it may be required by Applicable Law (the "**Franchise Disclosure Document**") and two copies of the Then-current Franchise Agreement Immediately upon receipt of the Franchise Disclosure Document (if required), Developer shall return to Company a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document Developer acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement If Company is not legally able to deliver a Franchise Disclosure Document to Developer by reason of any lapse or expiration of its franchise registration, or because Company is in the process of amending any such registration, or for any reason beyond Company's reasonable control, Company may delay acceptance of the site for Developer's proposed Pizza Studio Business, or delivery of a Franchise Agreement, until such time as Company is legally able to deliver a Franchise Disclosure Document

6 2 2 Within 30 days after Developer's receipt of the Franchise Disclosure Document (if required) and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Developer shall execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Company together with the applicable Initial Franchise Fee If Developer has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6 3, Company shall execute the copies and return one fully executed copy of such Franchise Agreement to Developer

6 2 3 Promptly following Developer's receipt of acceptance of the proposed site and execution of the Franchise Agreement, Developer shall, in accordance with the applicable Franchise Agreement, proceed to negotiate a lease or purchase agreement for the site and shall submit to Company a copy of the proposed lease or purchase agreement, as applicable Developer shall then procure the site pursuant to the purchase agreement or lease which has been reviewed and accepted by Company in accordance with the terms of the Franchise Agreement, and shall forward to Company, within ten (10) days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Developer's right to occupy the site Developer shall not execute any lease or purchase agreement for any Pizza Studio Business, until Company has accepted the proposed site and Company has delivered to Developer a fully executed Franchise Agreement counter-signed by Company pursuant to Section 6 2 2

6 2 4 Company's review and acceptance of the lease is solely for Company's benefit and is solely an indication that the lease meets Company's minimum Standards and

specification at the time of acceptance of the lease (which may be different that the requirements of this Agreement) Company's review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Developer, and Company hereby expressly disclaims any responsibility therefore

6 3 Condition Precedent to Company's Obligations It shall be a condition precedent to Company's obligations pursuant to Sections 6 1 and 6 2, and to Developer's right to develop each and every Pizza Studio Business, that Developer shall have satisfied all of the following conditions precedent prior to Company's acceptance of the proposed Pizza Studio Business and the site and lease or purchase agreement therefor, and the Company's execution of the Franchise Agreement therefor

6 3 1 Developer (and each of its Affiliates which have developed or operate Pizza Studio Businesses in the Development Area) shall have performed, in all material respects, its obligations under this Agreement and all Franchise Agreements and other written agreements between Company and Developer (or any such Affiliate of Developer), and must not at any time following Developer's submission of its Site Review Request, and until Company grants its acceptance of the proposed site, be in material default of any of its contractual or other legal obligations to Company or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency

6 3 2 Developer shall continue to operate, in the Development Area, not less than the cumulative number of Traditional Pizza Studio Businesses required by the Development Obligation set forth in Exhibit B to be in operation as of the end of the immediately preceding Development Period

6 3 3 Developer, and each of its Affiliates who then has a currently effective Franchise Agreement or area development agreement with Company, must sign a general release of any claims they may have against Company and its Affiliates, on a form prescribed by Company

## ARTICLE 7
## ASSIGNMENT AND SUBFRANCHISING

7 1 Assignment by Company This Agreement is fully transferable by Company, in whole or in part, without the consent of Developer and shall inure to the benefit of any transferee or their legal successor to Company's interests in this Agreement, provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement Without limiting the foregoing, Company may (i) assign or delegate any or all of its rights and obligations under this Agreement, (ii) sell its assets, the Marks, or its System outright to a third party, (iii) engage in a public offering of its securities, (iv) engage in a private placement of some or all of its securities, (v) merge, acquire other corporations, or be acquired by another individual or Entity, or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring Company shall be permitted to perform such actions without liability or obligation to Developer who expressly and specifically waives any



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claims, demands or damages arising from or related to any or all of the above actions (or variations thereof) In connection with any of the foregoing, at Company's request, Developer shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications), (b) that Developer is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail, and (c) as to such other matters as Company may reasonably request, and Developer agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company

7 2 No Subfranchising by Developer

7 2 1 Developer shall not offer, sell, or negotiate the sale of franchises to any third party, either in Developer's own name or in the name and/or on behalf of Company, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, or any Franchise Agreement executed pursuant hereto, and nothing in this Agreement will be construed as granting Developer the right to do so Developer shall not execute any Franchise Agreement with Company, or construct or equip any Pizza Studio Business with a view to offering or assigning such Franchise Agreement or Pizza Studio Business to any third party

7 2 2 Notwithstanding Section 7.2.1, Developer may, with Company's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Developer (each a "**Subsidiary**"), provided and on condition that

(a) Upon Company's request, Developer has delivered to Company a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Company has accepted the same,

(b) The Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Pizza Studio Businesses,

(c) Developer, directly owns and controls not less than 100% of the Equity and voting rights of the Subsidiary,

(d) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified,

(e) the person designated by Developer as the Operating Principal has exclusive day-to-day operational control over the Subsidiary,

(f) the Subsidiary conducts no business other than the operation of the Pizza Studio Business,

(g) the Subsidiary assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Company,

(h) each person or Entity comprising Developer, and all present and future Owners of 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement shall execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Company and to Company's Affiliates under this Agreement and each Franchise Agreement executed pursuant hereto (for purposes of determining whether said 10% threshold is satisfied, holdings of spouses, family members who live in the same household, and Affiliates shall be aggregated),

(i) none of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities,

(j) at Company's request, Developer shall, and shall cause each of its Affiliates to execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees, and

(k) Developer shall reimburse Company for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees

7 2 3 In the event that Developer exercises its rights under Section 7 2 2 then, Developer and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement

7 3 Assignment by Developer

7 3 1 This Agreement has been entered into by Company in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Developer Neither Developer nor any Owner shall cause or permit any Assignment unless Developer shall have obtained Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's judgment, and shall comply with Company's right of first refusal pursuant to Section 7 3 4 Except as provided in Section 7 2 2, Developer acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Pizza Studio Businesses developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Pizza Studio Businesses, and all of the Franchise Agreements executed pursuant to this Agreement or at Company's election the execution by the assignee of new Franchise Agreements on Company's Then-current form for each of the Pizza Studio Businesses then

developed or under development by Developer, and otherwise in accordance with the terms and conditions of Developer's Franchise Agreement(s)  If Developer is an Entity, Developer shall promptly provide Company with written notice (stating such information as Company may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Developer, notwithstanding that the same may not constitute an "Assignment' as defined by this Agreement

7 3 2  Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Company  To the extent that the foregoing prohibition may be ineffective under Applicable Law, Developer shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement

7 3 3  Securities, partnership or other ownership interests in Developer may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation  Such interests may be offered by private offering or otherwise only with the prior written consent of Company, which consent shall not be unreasonably withheld  All materials required for any such private offering by federal or state law shall be submitted to Company for a limited review as discussed below prior to being filed with any governmental agency, and any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use  No such offering by Developer shall imply that Company is participating in an underwriting, issuance or offering of securities of Developer or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship between Franchise and Company and its Affiliates  Company may, at its option, require Developer's offering materials to contain a written statement prescribed by Company concerning the limitations described in the preceding sentence  Developer, its Owners and the other participants in the offering must fully defend and indemnify Company, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Company to further evidence this indemnity  For each proposed offering, Developer shall pay to Company a non-refundable fee of $5,000, which shall be in addition to any transfer fee under any Franchise Agreement or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees  Developer shall give Company written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section

7 3 4  Developer's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party, provided

that Company may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Company reasonably and in good faith as the approximate equivalent value of said non-cash consideration), and provided further that Developer shall make representations and warranties to Company customary for transactions of the type proposed (the "**ROFR**") If Company elects to exercise the ROFR, Company or its nominee, as applicable, shall send written notice of such election to Developer within 60 days of receipt of Developer's request If Company accepts such offer, the closing of the transaction shall occur within 60 days following the date of Company's acceptance Any material change in the terms of an offer prior to closing or the failure of Developer and the third party to close the transaction within 60 days following the written notice provided by Developer (the "**ROFR Period**") shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third-party designee, as in the case of the initial offer Company's failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer

## ARTICLE 8
## NON-COMPETITION, CONFIDENTIALITY

8 1 In Term During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Company shall consent thereto in writing

8 2 Post-Term To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Developer, each person who was a Restricted Person before such event shall not for a period of three (3) years thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities within the Development Area and within a 25 mile radius of any then-existing Pizza Studio Business, without the Company's prior written consent In applying for such consent, Developer will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company or other area developers or franchisees of the Company

8 3 Modification The parties have attempted in Sections 8.1 and 8 2 above to limit the Developer's right to compete only to the extent necessary to protect the Company from unfair competition The parties hereby expressly agree that if the scope or enforceability of Sections 8.1 or 8 2 is disputed at any time by Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Developer's consent, at any time or times, effective immediately upon notice to Developer

8 4 Confidentiality Restricted Persons may have access to proprietary and confidential information, including the Trade Secrets, Standards, procedures, concepts and



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methods and techniques of developing and operating a Pizza Studio Business Company may disclose certain of its Trade Secrets to Restricted Persons in the Manual(s), bulletins, supplements, confidential correspondence, or other communications, and through Company's training program and other guidance and management assistance No Restricted Person shall acquire any interest in the Trade Secrets other than the right to use it in developing and operating the Franchised Pizza Studio Business during the Term A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition Each Restricted Person shall (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Franchised Pizza Studio Business, (ii) refrain from disclosing the Trade Secrets and maintain the absolute confidentiality of the Trade Secrets during and after the Term, and (iii) make no unauthorized copy of any portion of the Trade Secrets, including the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral In addition to any procedures prescribed by Company, Developer shall implement reasonable procedures prevent unauthorized use and disclosure of the Trade Secrets If Developer has any reason to believe that any employee or Restricted Person has improperly used or disclosed the Trade Secrets, Developer shall promptly notify Company and shall cooperate with Company to protect Company against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Company, such action is necessary or advisable

8 5 Equitable Remedies In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a the proper court in the place where Developer has its principal office court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity Each party submits to the jurisdiction of the courts of the State of California and the U S federal courts sitting in Los Angeles, California for purposes thereof Developer agrees that Company may have temporary or preliminary injunctive relief without bond, but upon due notice, and Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived)

## ARTICLE 9
## TERMINATION

9 1 Termination Pursuant to a Default of this Agreement

9 1 1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Company in the event of any Default by Developer of this Agreement, unless such Default is cured by Developer within 5 days following written notice of the Default (in the case of a failure to pay money), or 10 days following written notice of the Default (in the case of any other Default), provided that in the case of a Default by Developer (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise

Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (f) below shall be deemed incurable

9 1 2 The term "default", as used herein, includes the following

(a) Any Assignment or attempted Assignment in violation of the terms of Sections 7.2 or 7.3, or without the written consents required pursuant to this Agreement, provided, however, (i) upon prompt written request to Company following the death or legal incapacity of a Developer who is an individual, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain Company's consent to the Assignment his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Company, or (ii) upon prompt written request to Company following the death or legal incapacity of an Owner of a Developer which is an Entity, directly or indirectly, owning more than 20% or more of the Equity or voting power of Developer, Company shall allow a period of up to 60 days after such death or legal incapacity for his or her Heir(s) to seek and obtain Company's consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Company If, within said 60 day period, said Heir(s) fail to receive Company's consent as aforesaid or to effect such consented to Assignment, then this Agreement shall immediately terminate at Company's election

(b) Developer's failure to timely pay any installment of the Total Development Fee

(c) Subject to Section 2.2, failure of Developer to satisfy the Development Obligation within the Development Periods set forth herein

(d) Failure of Developer (or any Affiliate of Developer) to pay any Initial Franchise Fee or Royalty Fee in a timely manner as required by this Agreement or any Franchise Agreement signed by Developer

(e) Developer's opening of any Pizza Studio Business in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6 3

(f) Failure of Developer to fully comply with the requirements of Section 8 1

(g) Any Default of any other agreement between Developer (or any Affiliate of Developer) and Company (or any Affiliate of Company), including any Franchise Agreement executed pursuant hereto

## ARTICLE 10
## GENERAL CONDITIONS AND PROVISIONS

10 1 Relationship of Developer to Company It is expressly agreed that the parties intend by this Agreement to establish between Company and Developer the relationship of

licensor and area developer  It is further agreed that Developer has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever  Neither Company nor Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent  Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company  All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Company or subject to Company control  Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof

10 2  Indemnity by Developer  Developer hereby agrees to protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property arising out of or in connection with Developer's breach or default of this Agreement, the construction, development and/or operation of Pizza Studio Businesses pursuant hereto, except to the extent caused by intentional acts of the Company in breach of this Agreement  The terms of this Section 10.2 shall survive the termination, expiration or cancellation of this Agreement

10 3  No Consequential Damages For Legal Incapacity  Company shall not be liable to Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Developer by reason of any delay in the delivery of Company's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Company

10 4  Waiver and Delay  No waiver by Company of any Default or Defaults, or series of Defaults in performance by Developer, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Company and Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Pizza Studio Businesses), or to insist upon strict compliance with or performance of Developer's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Company and Developer (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Pizza Studio Businesses), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof  Developer agrees that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case-by-case basis, and nothing shall be construed to require Company to grant any such request  Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and

may be revoked, in Company's discretion, at any time and for any reason, effective upon 10 days prior written notice to Developer Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request

10 5 Survival of Covenants The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever

10 6 Successors and Assigns This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Developer and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement This Agreement is for the benefit of the parties only, and, except as expressly provided in this Agreement, is not intended to and shall not confer any rights or benefits on any person who is not a party to this Agreement

10 7 Governing Law This Agreement shall be governed by and construed in accordance with the laws of the State of California (without giving effect to any conflict of laws), except that (a) the provisions of Sections 8.1 and 8.2 (and to the extent applicable, Section 8.3) shall be governed in accordance with the laws of the State where the Default of said section occurs, and (b) any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph

10 8 Entire Agreement This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter of this Agreement No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind any of the parties hereto All prior or contemporaneous agreements, understandings and representations, are merged herein and superseded hereby Developer represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement or any Franchise Disclosure Document for prospective area developers required to be received by Developer under Applicable Law No officer or employee or agent of Company has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective area developers required to be received by Developer under Applicable Law, and Developer agrees that it has executed this Agreement without reliance upon any such representation or promise This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties hereto Developer acknowledges that no oral or written statements, promises regarding this Agreement or the parties relationship, whether consistent or inconsistent with the terms of this Agreement, have been made to Developer, and that Developer is not relying on any statement or representation other than those in this Agreement and any franchise disclosure document delivered to Developer Developer agrees that it will not attempt to introduce any evidence of

such statements in court or any other proceeding to challenge the terms of this Agreement or the validity of the Agreement as a whole, whether such challenge is based on fraud, tort, breach of contract or otherwise Nothing in this Agreement, including all schedules attached hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof is intended to disclaim the representations Company made in any required franchise disclosure document received by Developer Developer has read all of the terms of this Agreement, including, the preceding paragraph _______________ [Developer initial]

10 9 Titles for Convenience Article and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement

10 10 Gender and Construction The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section may require When a reference is made in this Agreement to an Article, a Section, or Exhibit, such reference shall be to an Article or a Section of, or an Exhibit to, this Agreement unless otherwise indicated As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Company which Developer may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Company's Standards or satisfaction, Company may do so in its sole subjective judgment and discretion No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto Company and Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable

10 11 Severability, Modification Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision

shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect

10 12 Counterparts This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument

10 13 Mediation Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than seeking judicial relief for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the then-current Commercial Mediation Rules of the American Arbitration Association The mediation provided for hereunder shall be commenced by the party requesting mediation providing written notice to of the request for mediation (the "request") to the party with whom mediation is sought The request shall specify with reasonable particularity the matter or matters on which mediation is sought Such mediation shall be conducted in Los Angeles, California and shall be conducted and completed within 60 days following the date of the request, or such longer period as may be agreed upon by the parties in writing If the parties fail to complete the mediation within such 60 day period (or agreed longer period, as applicable), either party may initiate litigation The fees and expenses of the mediator shall be shared equally by the parties The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose, provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation Failure to comply with this provision prior to commencement of litigation shall constitute a waiver of the right to recovery attorneys' fees in any action, irrespective of whether such recovery of attorneys' fees and costs is permitted by statute, agreement or otherwise

10 14 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT, AND (2) THEY AGREE THAT, LOS ANGELES, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT

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|---|---|
| ______________ DEVELOPER INITIALS | ______________ COMPANY INITIALS |

10 15 Time for Bringing Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Developer, or Developer's operation

of its business, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations, (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim, or (c) two (2) years after the first act or omission giving rise to an alleged claim, or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred Claims of Company attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations

10 16 Notices Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after delivery by Express Mail or other recognized, reputable overnight courier, or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows

If to Company Pizza Studio Franchise Company LLC
~~26010 Mureau Road~~978 Blue Mountain Circle,
~~Calabasas~~ Westlake Village, California ~~91302~~91362
Attn Chief Executive Officer

With a copy to (which shall not constitute notice)

Bryan Cave LLP
120 Broadway, Suite 300
Santa Monica, California 90401
Attn Keith D Klein, Esq

If to Developer See Section 1 1

or to such other address as such party may designate by 10 days' advance written notice to the other party

10 17 Survival The terms of Article 10 shall survive termination, expiration or cancellation of this Agreement

10 18 No Withholding Developer agrees that it will not, on the grounds of alleged non-performance by Company of any of its obligations hereunder, or in the event of any dispute, or a claim of Developer, or for any other reason whatsoever, withhold payment of any amounts due to Company Developer acknowledges that the withholding of payments by Developer will cause irreparable harm to Company and to the System

## ARTICLE 11
## SUBMISSION OF AGREEMENT

11 1 General The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Developer

## ARTICLE 12
## ADDITIONAL COVENANTS

12 1 Entity Developer Information If Developer is an Entity, Developer represents and warrants that the information set forth in Exhibit C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects Developer shall notify Company in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Company a revised Exhibit C, which shall be certified by Developer as true, correct and complete and upon acceptance thereof by Company shall be annexed to this Agreement as Exhibit C Developer promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Developer, including providing copies of all amendments to Developer's "**Entity Documents**" as defined in Exhibit C Developer shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Company and Developer The Entity Documents of Developer shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto

12 2 Operating Principal, Director of Operations, Staffing

12 2 1 The Operating Principal shall be principally responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Pizza Studio Businesses developed pursuant hereto The Operating Principal shall have the full authority to act on behalf of Developer in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto Company may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Company's actual receipt of written notice from Developer of the appointment of a successor Operating Principal, who shall have been accepted by Company

12 2 2 Commencing on the date which Developer, directly or indirectly through one or more Affiliate(s), opens its 2nd Pizza Studio Business within the Development Area, and at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date, Developer shall employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Section 7 2 hereof to employ and retain, an individual (the "**Director of Operations**") who shall be vested with the authority and responsibility for the day-to-day operations of all Pizza Studio Businesses owned or operated, directly or indirectly, by Developer within the Development Area The Director of Operations shall, during the entire period he/she serves as such, meet the following qualifications (a) shall devote full time and best efforts solely to operation of the all Pizza Studio Businesses owned or

operated, directly or indirectly, by Developer in the Development Area and to no other business activities, (b) meet Company's educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Manuals or otherwise in writing by Company, (c) shall successfully complete, to Company's satisfaction, Company's Initial Training Program, and (d) be an individual acceptable to Company The Director of Operations, may (but need not) be an Owner, and with the prior written consent of Company, may be the same individual as the Operating Principal The Director of Operations shall be responsible for all actions necessary to ensure that all Pizza Studio Businesses owned or operated, directly or indirectly, by Developer in the Development Area are operated in compliance with this Agreement, all Franchise Agreements therefor and the Manuals If, during the Term hereof or any Franchise Agreement executed pursuant hereto, the Director of Operations is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Company's subsequent disapproval of such person), Developer shall promptly notify Company and designate a replacement within 30 days after the Director of Operations ceases to serve, such replacement being subject to Company's approval

12 2 3 Developer shall notify Company in writing at least 10 days prior to employing the Director of Operations setting forth in reasonable detail all information reasonably requested by Company Company's acceptance of the Operating Principal and Director of Operations, shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Developer or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance

12 2 4 At all times, Developer must actively employ and have working in each Pizza Studio Business developed and operated hereunder least one (1) person that has successfully completed the Initial Training Program or that has been fully and adequately trained by the Operating Principal in accordance with the Standards The terms of this Section 12.2 shall survive the expiration or termination of this Agreement

12 3 Business Practices Developer represents, warrants and covenants to Company that

12 3 1 As of the date of this Agreement, Developer and each of its Owners (if Developer is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Developer or any of its Owners (if Developer is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Developer,

(b) None of the property or interests of Developer or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws Neither Developer, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Developer) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List Each of Developer and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws,

(c) Neither Developer nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto

(d) Developer is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo Nor does Developer or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo

12 3 2 Developer has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms Developer shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by applicable law

12 3 3 Developer shall implement procedures to confirm, and shall confirm, that (a) none of Developer, any person or entity that is at any time a legal or beneficial owner of any interest in Developer or that provides funding to Developer is identified by name or address on any Terrorist List or is an Affiliate of any person so identified, and (b) none of the property or interests of Developer is subject to being "blocked" under any Anti-Terrorism Laws

12 3 4 Developer shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12 3 1(c) above is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Developer shall cooperate with Company in an appropriate resolution of such matter

12 3 5 In accordance with Applicable Law, none of Developer nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity, (b) inducing such official to do or omit to do any act in violation of his or its lawful duty, or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act

or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person

12 3 6 The provisions of this Section shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Company for any infringement of, violation of, or interference with, this Agreement, or the Marks, System, trade secrets, or any other proprietary aspects of Company's business

## ARTICLE 13
## ACKNOWLEDGMENT

13 1 <u>General</u>

13 1 1 Developer acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that it has obtained the advice of counsel in connection with entering into this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound hereby

13 1 2 Company expressly disclaims making, and Developer acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above

**"Company"**

**Pizza Studio Franchise Company LLC**

By ______________________________
Name ____________________________
Title _____________________________
Date _____________________________

**"Developer"**

___________________________

a __________________________

By ______________________________
Name ____________________________
Title _____________________________
Date _____________________________

**Exhibit A**
**DEVELOPMENT AREA**

Check Applicable Box

[ ] The area outlined on the attached map and described as follows

______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
____________________
______________________________________________________________
______________________________________________________________
__________

[ ] The area described as follows

______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
______________________________________________________________
_________________________

* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary

/

# EXHIBIT B
# DEVELOPMENT OBLIGATION

| | Development Period Ending | Cumulative No of Pizza Studio Businesses to be in Operation |
|---|---|---|
| 1 | ____________________ | __________ |
| 2 | ____________________ | __________ |
| 3 | ____________________ | __________ |
| 4 | ____________________ | __________ |
| 5 | ____________________ | __________ |



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## EXHIBIT C
## Entity Information

Developer represents and warrants that the following information is accurate and complete in all material respects

(i) Developer is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) ______________________

(ii) Developer shall provide to Company concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (**"Entity Documents"**)

(iii) Developer promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Developer

(iv) The name and address of each of Developer's owners, members, or general and limited partner

NUMBER OF
SHARES OR
PERCENTAGE

NAME ADDRESS
INTEREST

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________

(v) There is set forth below the names, and addresses and titles of Developer's principal officers or partners who will be devoting their full time to the Business

NAME ADDRESS

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________



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(vi) The address where Developer's Financial Records, and Entity Documents are maintained is

______________________________________________________________________________

______________________________________________________________________________

____________________

## APPENDIX 1

"**Additional Development Notice**" shall have the meaning set forth in Section 4 2

"**Additional Development Obligation**" shall have the meaning set forth in Section 4.3.2

"**Affiliate**" when used herein in connection with Company or Developer, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Developer, as applicable Without limiting the foregoing, the term "Affiliate" when used herein in connection with Developer includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Developer For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Developer, the term "Affiliate" shall not include or refer to the Company or that Affiliate (the "**Company Affiliate**"), and no obligation or restriction upon an 'Affiliate" of Developer, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war

"**Applicable Law**" means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, those governing the development, construction and operation of the Franchised Business, including all health and safety, labor, immigration, food and drug laws and regulations, the Americans with Disabilities Act, zoning laws, construction codes, and permit variance, conditional use permit or similar requirements and conditions, all as may be amended, supplemented or enacted from time to time

"**Assignment**" shall mean and refer to any assignment, transfer, gift, lien, pledge, mortgage, hypothecation, encumbrance, conveyance, or grant of a security interest, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Developer's rights or privileges hereunder or all of any substantial portion of the assets of the Pizza Studio Business, including the lease, provided, further, however, that if Developer is an Entity, each of the following shall be deemed to be an Assignment of this Agreement (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation, grant of security interest, or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Developer, (ii) the issuance or change of any securities by, or Equity of, Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Developer, (iii) if Developer is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner, (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Developer, and (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Developer or any Owner, and/or (vi) transfer of control of the Developer, however effected

"**Competitive Activities**' means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant 10% or more of whose gross sales is derived from the sale of pizza or calzone, other than a Pizza Studio Business operated pursuant to a validly subsisting Franchise Agreement with Company, or (ii) any business that specializes in developing, owning, operating or franchising restaurants 10% or more of whose gross sales is derived from the sale of pizza or calzone, (iii) any business engaged in the preparation, production or sale, at wholesale, of any pizza or calzone food product, or (iv) any business that develops, owns, operates, or franchises a Fast Casual Pizza Restaurant Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement

"**Development Area**" shall have the meaning set forth in Section 1.1

"**Development Period**" means each of the time periods indicated on Exhibit B during which Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Pizza Studio Businesses in accordance with the Development Obligation

"**Development Obligation**" shall mean the Developer's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Pizza Studio Businesses set forth in Exhibit B hereto within each Development Period and, if applicable, within the geographic areas specified therein

"**Director of Operations**" shall have the meaning set forth in Section 12.2 2

"**Entity**" means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual

"**Equity**" means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity

"**Fast Casual Pizza Restaurant**" means a restaurant or other establishment that derives 10% or more of its gross sales from the sale of pizza or calzone and that (i) has an average per-meal charge that is not less than 50% of the then-current average per-meal charge for Pizza Studio Businesses in the United States of America and no more than 150% of the then-current average per-meal charge for Pizza Studio Businesses in the United States of America, (ii) may or may not have dedicated seating, (iii) may or may not provide table service for the delivery of food and/or beverages, and (iv) does not provide table service for the collection of orders or payment

"**Franchise Agreement**" means the form of agreement prescribed by Company and used to grant to Developer the right to own and operate a single Pizza Studio Business in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time

"**Franchise Disclosure Document**" shall have the meaning set forth in <u>Section 6 2.1</u>

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances, war, terrorist acts, riot, or other civil disturbance, epidemics, or other similar forces which Developer could not by the exercise of reasonable diligence have avoided, provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Developer by any lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure For the avoidance of doubt, Developer's financial inability to perform or Developer's insolvency shall not be an event of Force Majeure hereunder

"**Governmental Authority**" means and include all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities

"**Initial Franchise Fee**" shall have the meaning set forth in <u>Section 5 2</u>

"**Initial Training Program**" means the initial training program in the Standards and the operation of a Pizza Studio Business designated from time to time by Company

"**Manuals**" means Company's operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Company as in effect and amended from time to time

"**Non-Traditional Venue**" means a location within another primary business or in conjunction with, or in the same trade area as, institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, amusement parks, arenas, stadiums, airports, theaters, big-box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Developer, the term "Owner" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Developer", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers

"**Partnership**" means any general partnership, limited partnership or limited liability partnership

"**Partnership Rights**" means voting power, property, profits or losses, or partnership interests of a Partnership

"**Protected Territory**" shall have the meaning set forth in the Franchise Agreement

"**Restricted Persons**" means the Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals, except, that if Company or any Affiliate of Company has any ownership interest in Developer, (i) the term "Restricted Person" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, (ii) the term "Restricted Person" shall not include or refer to any manager, officer or director of Developer that is designated to be manager, officer or director of Developer by the Company or its Affiliates, and (iii) no obligation or restriction upon the "Developer", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers

"**ROFR**" shall have the meaning set forth in Section 7.3.4

"**ROFR Period**" shall have the meaning set forth in Section 7 3 4

"**Site Review Request**" shall have the meaning set forth in Section 6 1

"**Standards**" mean Company's then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of Pizza Studio Businesses

"**System**" means the Company's business formats, operating methods and business practices related to its Pizza Studio Businesses , and the relationship between Company and its area developer, franchisees, including interior and exterior Pizza Studio Business designs, other items of trade dress, specifications of equipment, fixtures, and uniforms, recipes, ingredients, menus, techniques, copyrights, procedures, signs, layouts, defined product offerings, and preparation methods, standard operating and administrative procedures, restrictions on ownership, management and technical training programs, and marketing and public relations programs, all as Company may modify the same from time to time

"**Term**" shall have the meaning set forth in Section 4.1

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U S Government Authority, including U S Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U S countries, terrorism sponsoring organizations and international narcotics traffickers

"**Then-current**" as used in this Agreement and applied to the Franchise Disclosure Document, an area development agreement and a Franchise Agreement shall mean the form then currently provided by Company to similarly situated prospective area developers or franchisees, as applicable, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a licensee, area developer or franchisee, as applicable, of Company

"**Trade Secrets**" means proprietary and confidential information, including, Standards, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, methods, clothing designs, techniques and plans for advertising, promoting, developing and operating Pizza Studio Businesses and manufacturing, producing, and preparing products and menu items, provided, however, that the term "Trade Secrets" shall not include information which (a) has entered the public domain or was known to Developer prior to Company's disclosure of such information to Developer, other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates, (b) becomes known to the Restricted Persons from a source other than Company or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates, or (c) was independently developed by Developer without the use or benefit of any of Company's Trade Secrets

"**Traditional Pizza Studio Business**" means a business premises that exists primarily as a Pizza Studio Business, excluding any Pizza Studio Business at a Non-Traditional Venue

**Exhibit C**

**General Release**

# GENERAL RELEASE

THIS GENERAL RELEASE ("**Release Agreement**") is effective as of the ____ day of __________, 20___ ("**Effective Date**") by and among **PIZZA STUDIO FRANCHISE COMPANY LLC**, a **Delaware limited liability company** ("**Franchisor**"), ______________________________ ("**Franchisee**"), ______________________________ ("**Affiliate[s]**") and ________________________________________ ("**Owner**" and together with Franchisee and Affiliate[s], jointly and severally, "**Releasor**")

## RECITALS

**[Alt 1]**A Franchisor and Franchisee are parties to **[that][those]** certain Franchise Agreement[s], dated __________________________ (the "**Transaction Document[s]**"),

**[Alt 2]**A Franchisor and Franchisee are parties to **[that][those]** certain Area Development Agreement[s], dated __________________________ (the "**Transaction Documents[s]**"),

**[Alt 3]**A Franchisor and Franchisee are parties to that certain Area Development Agreement[s], dated _________________, and those certain Franchise Agreement[s], dated __________________________ (collectively, the "**Transaction Documents[s]**"),

B Franchisee desires to **[assign the Transaction Document[s]] [enter into a Franchise agreement with Franchisor]**, and

C This Release Agreement has been requested at a juncture in the relationship of the parties where the Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates The Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it Releasor, therefore, gives this Release Agreement as consideration for receiving the agreement of the Franchisor to an anticipated change or expansion of the relationship between the parties Releasor acknowledges that this Release Agreement is intended to wipe the slate clean

## AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows

1 Definitions As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them

1 1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Transaction Documents

1 2 **"Franchisor Released Parties"** means Franchisor and each of its Constituents

1 3 **"Constituents"** means past, present and future affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them

1 4 **"Excluded Matters"** means [(i)] Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Transaction Document[s] on and after the date of this Release Agreement[**, and (ii) if this Release Agreement is entered into in connection with the grant of a franchise or license, this Release Agreement is not intended to release or waive the provisions of any applicable franchise registration or disclosure law in connection with the grant of that franchise or license**]

1 5 **"Losses"** means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal, all associated actual attorneys' fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration

2 General Release Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement

3 Waiver of California Civil Code Section 1542

3 1 Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR

3 2 With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them

3 3 Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release

Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts

4 Representations and Warranties Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud), (ii) has read and fully understands the terms and scope of this Release Agreement, (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement, and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future

5 Covenants Not to Sue Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement

6 Indemnity Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasor shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim against any Franchisor Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release Agreement, and (iii) any breach of representations, warranties or covenants by Releasor

7 Miscellaneous

7 1 This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto

7 2 This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement

7 3 This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument

7 4 This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns

7 5 All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties If any provision of this Release Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable

7 6 Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction

7 7 Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud

7 8 This Release Agreement shall be governed by and construed in accordance with the laws of the State of California, without regarding to conflicts of laws principles

**[SIGNATURE PAGE FOLLOWS]**

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

**"Franchisor"**

**PIZZA STUDIO FRANCHISE COMPANY LLC**

By ______________________________
Name ____________________________
Title _____________________________

**"Releasor"**

"Franchisee"

_________________________________

By ______________________________
Name ____________________________
Title _____________________________

**"Affiliate"**

_________________________________

By ______________________________
Name ____________________________
Title _____________________________

**"Owner"**

_________________________________
__________________________, an individual

**[Others ]**

_________________________________
__________________________, an individual

**Exhibit D**

**Guaranty**

## CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of **PIZZA STUDIO FRANCHISE COMPANY LLC**, a **Delaware limited liability company** (“**Franchisor**”), **[granting a franchise to][or][______________]** ______________________________, a ______________ (“**Developer**”), the undersigned, ________________ and __________________ (**[jointly and severally,]** “**Guarantor**”), agree as follows

1 Guaranty of Obligations

1 1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Developer to Franchisor and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement dated ____________, 20___ (the “**FA**”) and each of the documents, instruments and agreements executed and delivered in connection with the FA or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the “**Obligations**”), and all documents evidencing or securing any of the Obligations This continuing guaranty (this “**Continuing Guaranty**”) is a guaranty of payment and performance when due and not of collection

1 2 In the event of any default by Developer in making payment of, or default by Developer in performance of, any of the Obligations, Guarantor agrees on demand by Franchisor to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and expenses) paid or incurred by Franchisor in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty

2 Continuing Nature Of Guaranty And Obligations This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by (1) the insolvency of Developer or the payment in full of all of the Obligations at any time or from time to time, (2) the power or authority or lack thereof of Developer to incur the Obligations, (3) the validity or invalidity of any of the Obligations, (4) the existence or non-existence of Developer as a legal entity, (5) any statute of limitations affecting the liability of Guarantor or the ability of Franchisor to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations, or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty

3 Permitted Actions Of Franchisor Franchisor may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations, (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations, (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Developer under the Obligations, (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations, (5)

demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Franchisor shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this Continuing Guaranty, or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations

4 Specific Waivers

4 1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives (i) notice of the acceptance by Franchisor of this Continuing Guaranty, (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations, (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement, (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing, (v) any right to direct or affect the manner or timing of Franchisor's enforcement of its rights or remedies, (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Franchisor permitted under this Agreement, (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under any suretyship statute of the State of California or where the guarantor is domiciled, and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety

4 2 Guarantor waives all rights and defenses arising out of an election of remedies by Franchisor

4 3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty

5 Subordination, Subrogation Guarantor subordinates any and all indebtedness of Developer to Guarantor to the full and prompt payment and performance of all of the Obligations Franchisor shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Developer to Guarantor Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Franchisor shall have no further obligations to Developer under the Obligations or otherwise

6 Certain Covenants Incorporated Sections 12 1 (Non-Competition), 12 2 (Confidential Information), 12 5 (Interference With Employment Relations), 12 6 (Effect of Applicable Law), and 17 1 (Mediation) of the FA are incorporated into this Continuing Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guaranty as a direct and primary obligation of Guarantor

7 Assignment Of Franchisor's Rights Franchisor may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Franchisor

8 Indulgences Not Waivers No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy, nor shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Franchisor, except as expressly set forth in a writing signed by Franchisor No action of Franchisor permitted under this Continuing Guaranty shall in any way affect or impair the rights of Franchisor or the obligations of Guarantor under this Continuing Guaranty

9 Financial Condition Of Developer Guarantor represents and warrants that it is fully aware of the financial condition of Developer, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Developer's financial condition Guarantor waives any duty on the part of Franchisor to disclose to Guarantor any facts it may now or hereafter know about Developer, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Developer will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder

10 Representation and Warranty Guarantor represents and warrants to Franchisor that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms

11 Binding Upon Successors, Death Of Guarantor, Joint And Several

11 1 This Continuing Guaranty shall inure to the benefit of Franchisor and its successors and assigns

11 2 All references herein to Developer shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Franchisor of a Guarantor's death

11 3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor

11 4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Franchisor, Developer, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty

12 Governing Law This Continuing Guaranty shall be governed by and construed in accordance with the laws of the State of California, without regarding to conflict of laws principles Wherever possible each provision of this Continuing Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guaranty

13 ADVICE OF COUNSEL GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY

14 Entire Agreement This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Franchisor not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty This Continuing Guaranty may only be modified by a writing executed by Guarantor and Franchisor

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty this ____ day of ________, 20__

"Guarantor"

______________________________

______________________________

# Exhibit E

## Financial Statements

Report of Independent Auditors and
Financial Statements for

# Pizza Studio Franchise Company, LLC

December 25 2016

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

## CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

# REPORT OF INDEPENDENT AUDITORS

The Member of
Pizza Studio Franchise Company, LLC

**Report on Financial Statements**

We have audited the accompanying financial statements of Pizza Studio Franchise Company LLC which comprise the balance sheets as of December 25 2016 December 27 2015 and December 28 2014 and the related statements of income members equity and cash flow for the years then ended and the related notes to the financial statements

***Management s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America this includes the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error

***Auditor s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits 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 effectiveness of the entity s internal control Accordingly we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

***Opinion***

In our opinion the financial statements referred to above present fairly in all material respects, the financial position of Pizza Studio Franchise Company LLC as of December 25 2016 December 27 2015 and December 28 2014 and the result of its operations and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America

Moss Adams LLP

Los Angeles California
March 28 2017

# PIZZA STUDIO FRANCHISE COMPANY, LLC
## BALANCE SHEETS

| | December 25, 2016 | December 27 2015 | December 28 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| ASSETS | | | |
| Cash and cash equivalents | $ 324 772 | $ 2 106,111 | $ 2 192,066 |
| Due from related parties | 232 922 | 126,337 | 205,982 |
| Due from Member | 1,493 677 | 209 465 | |
| Accounts receivable | 20 589 | 162,443 | 121,125 |
| Total assets | $ 2 071 960 | $ 2 604,356 | $ 2,519 173 |
| **LIABILITIES AND MEMBER'S EQUITY** | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | $ 98,985 | $ 228,423 | $ 109,553 |
| Accrued expenses | 8 000 | 8 666 | 26,958 |
| Due to Member | - | | 157 965 |
| Deferred revenue, current portion | 223,000 | 260 500 | 355 000 |
| Total current liabilities | 329 985 | 497,589 | 649,476 |
| DEFERRED REVENUE net of current portion | 796 954 | 1 164 500 | 972 500 |
| Total liabilities | 1 126 939 | 1 662,089 | 1 621 976 |
| MEMBER S EQUITY | 945,021 | 942,267 | 897 197 |
| Total liabilities and member s equity | $ 2 071 960 | $ 2 604,356 | $ 2 519,173 |

See accompanying notes

## PIZZA STUDIO FRANCHISE COMPANY, LLC
### STATEMENTS OF INCOME

| | Years Ended December 25, 2016 | December 27, 2015 | December 28, 2014 |
|---|---|---|---|
| REVENUE | | | |
| Area development revenue | $ 780,000 | $ 307,500 | $ 212,500 |
| Initial franchise revenue | 137,500 | 375,000 | 550,000 |
| Franchise royalties revenue | 1,051,870 | 936,030 | 427,609 |
| Total revenue | 1,969 370 | 1,618,530 | 1,190 109 |
| OPERATING EXPENSES | | | |
| General and administrative | 543,912 | 424,932 | 351,921 |
| Franchise operating expenses | 23 126 | 36,195 | 27 292 |
| Total operating expenses | 567,038 | 461,127 | 379,213 |
| OPERATING INCOME | 1,402,332 | 1,157,403 | 810,896 |
| TAX EXPENSE | 7 311 | 6,300 | 800 |
| NET INCOME | $ 1,395,021 | $ 1,151,103 | $ 810,096 |



See accompanying notes

# PIZZA STUDIO FRANCHISE COMPANY, LLC
## STATEMENTS OF MEMBER'S EQUITY

| | Total Member's Equity |
|---|---|
| **Balance at December 29, 2013** | $ (62,899) |
| Net income | 810,096 |
| Contribution from Member | 150,000 |
| **Balance at December 28, 2014** | 897,197 |
| Net income | 1,151,103 |
| Distribution to Member | (1,106 033) |
| **Balance at December 27, 2015** | 942,267 |
| Net income | 1 395,021 |
| Distribution to Member | (1,392,267) |
| **Balance at December 25, 2016** | $ 945,021 |

## PIZZA STUDIO FRANCHISE COMPANY, LLC
## STATEMENTS OF CASH FLOW

| | Years Ended | | |
|---|---|---|---|
| | December 25 2016 | December 27, 2015 | December 28 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | $ 1 395 021 | $ 1 151 103 | $ 810,096 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Forfeited area development fees | (690 000) | (127,500) | |
| Bad debt expense | 299 609 | | |
| Changes in assets and liabilities | | | |
| Accounts receivable | (157 755) | (41 318) | (116 750) |
| Due from related parties | (106 585) | 79 645 | (205 982) |
| Due to Member | | (157 965) | 157 965 |
| Accounts payable | (129 438) | 118 870 | 109 553 |
| Accrued expenses | (666) | (18 292) | (139 452) |
| Deferred revenue | 284 954 | 225,000 | 847 500 |
| Net cash provided by operating activities | 895,140 | 1 229 543 | 1 462 930 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Contributions from Member | - | | 150 000 |
| Due from Member | (1,284 212) | (209,465) | |
| Distribution to Member | (1 392 267) | (1 106 033) | |
| Net cash (used in) provided by financing activities | (2 676 479) | (1 315 498) | 150 000 |
| CHANGE IN CASH AND CASH EQUIVALENTS | (1 781 339) | (85,955) | 1 612 930 |
| CASH AND CASH EQUIVALENTS beginning of year | 2 106 111 | 2 192 066 | 579 136 |
| CASH AND CASH EQUIVALENTS end of year | $ 324 772 | $ 2 106 111 | $ 2,192 066 |

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|---|---|---|---|
| Cash paid for income taxes | $ 7 311 | $ 6 300 | $ 800 |

 See accompanying notes

**Note 1 - Nature of Busıness and Operatıons**

Pızza Studıo Franchıse Company LLC (the Company ) was organızed ın Delaware on June 18, 2012 and commenced operatıons ın May 2013 The Company ıs a wholly-owned subsıdıary of Pızza Studıo Holdıng Company LLC (the Member') The Company was formed for the purpose of franchısıng the Member s busıness throughout the U S and ınternatıonally and the Company's future operatıons are dependent upon the success of the Member s busıness The Company offers and sells franchıses under the name Pızza Studıo The Company handles the ınıtıal sale of franchıses and holds the related lıcense agreement for stores sold under the franchıse agreement. As of December 25 2016 the Company sold the rıghts to develop 261 franchıse unıts under varıous area development agreements As of December 25 2016 the Company's franchısees operated thırty-one restaurants

The Member ıs responsıble for performıng the day to day management of the Company's operatıons The Member allocates expenses to the Company based on shared servıces Net loss and all ıtems of the Company s ıncome gaın loss, deductıon or credıt wıll be allocated to the Member The Company has relıed on resources from the Member to support operatıons and the Member has commıtted to contınue to provıde financıal support to the Company suffıcıent for the Company durıng the start-up phase of the franchısıng operatıons

**Note 2 - Summary of Sıgnıficant Accountıng Polıcıes**

**Basıs of presentatıon** - The Company s financıal statements have been prepared ın accordance wıth accountıng prıncıples generally accepted ın the Unıted States ( US GAAP") The Company belıeves thıs ınformatıon ıncludes all adjustments consıstıng of normal recurrıng accruals necessary to faırly present the financıal condıtıon for each of the perıods presented

**Fıscal year** - The Company uses a fiscal year consıstıng of the 52 or 53 week perıod endıng on the last Sunday ın December For 2016 the fiscal year consısted of the 52 week perıod endıng on December 25 For 2015 and 2014 the fiscal years consısted of the 52 week perıods endıng on December 27 and December 28 respectıvely

**Use of estımates** - The preparatıon of the financıal statements ın conformıty wıth US GAAP requıres management to make estımates and assumptıons that affect the amounts reported ın the financıal statements and accompanyıng notes Actual results could dıffer from those estımates

**Cash and cash equıvalents** - For purposes of the statement of cash flows the Company consıders all hıghly lıquıd debt ınstruments purchased wıth an orıgınal maturıty of nınety days or less to be cash equıvalents

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Accounts receivable** - Accounts receivable are stated net of an allowance for doubtful accounts On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts if required based on a history of past write-offs and collections and current credit considerations Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote At December 25, 2016 December 27 2015 and December 28, 2014, no allowance for doubtful accounts was necessary

**Area development revenue** - The Company s area development agreements typically operate under 4-7 year agreements with the option to renew for up to two additional five year successor terms Area development fees are for a territory in which a developer has agreed to develop and operate a certain number of franchise restaurants over a stipulated period of time The related territory is unavailable to any other party and is no longer marketed by the Company Development rights fees are initially recorded as deferred revenue and recognized as revenue when individual restaurants are opened by the developer, the point at which the Company has substantially performed its obligations Deferred revenue includes $894 954 $1 147 500 and $1 127,500 in area development right fees at December 25, 2016 December 27, 2015 and December 28 2014, respectively For the year ended December 25 2016 and December 27 2015 ten and three area development agreements were terminated respectively for which the Company has no obligation or duty to repay any amounts to the developer for any payments made to the Company under the development agreements The forfeited development fees for these terminated agreements totaled $690,000 and $127 500 for the years ended December 25 2016, and December 27, 2015 respectively and are included in area development revenue

**Initial Franchise revenue** - The Company's franchise agreements typically operate under ten-year franchise agreements with the option to renew for up to two additional five-year successor terms Initial franchise fees are recorded as deferred revenue when received and are recognized as revenue when a franchised restaurant is opened the point at which the Company has substantially performed its obligations Deferred revenue includes $125 000 $150 000 and $200 000 in initial franchise fees at December 25 2016 December 27 2015 and December 28 2014 respectively

**Franchise royalties revenue** - Royalty revenue represents royalties earned from each of the franchisees in accordance with the financial disclosure document and the franchise agreement for use of the 'Pizza Studio' name menus processes and procedures The royalty rate in the franchise agreement is typically 5 5% of the gross sales of each restaurant operated by each franchisee Such revenue is recognized when earned and is payable to the Company weekly when the weekly sales are reported to the franchisees

**Brand fund** - As part of their franchise agreements the Company may also collect fees from its franchisees for a brand fund which will be expended for national, regional or local advertising public relations, or promotional campaigns or programs designed to promote and enhance the image identity or patronage of franchised and Company owned restaurants The brand fund fee shall equal up to 2 percent of franchisee gross sales per year No brand fee revenue has been recognized by the Company

**Note 2 - Summary of Significant Accounting Policies (continued)**

**General and administrative expenses** - The Company s general and administrative expenses consist of legal fees accounting fees and bank/finance charges In addition the Member allocates general and administrative expenses to the Company based on shared services Allocated general and administrative expenses consisted of payroll/management, office supplies telephone internet, and rent.

**Franchise operating expenses** - The Company incurs operating expenses related to supporting new franchise restaurant openings Operating expenses include air fare, lodging, transportation and miscellaneous travel expense

**Income taxes** - The Company is a limited liability company and is classified as a partnership for income tax purposes The Company s taxable income or loss is reportable by the member on its income tax return Accordingly no provision for income taxes has been reflected in these financial statements, except for the minimum state tax applicable to limited liability companies

The Company has no unrecognized tax benefits at December 25 2016, December 27 2015 and December 28 2014 The Company's U S Federal and state income tax returns since inception are open for inspection by the Internal Revenue Service and management continually evaluates expiring statutes of limitations audits proposed settlements changes in tax law and new authoritative rulings If necessary the Company recognizes interest and penalties associated with tax matters as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the balance sheet The Company has no interest and penalties associated with tax matters at December 25 2016 December 27 2015 and December 28 2014

**Concentration of credit risk** - Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents The Company maintains its cash and cash equivalents with high credit quality financial institutions At times, such amounts may exceed federally insured limits

**Recently issued accounting pronouncements** - In 2014 the FASB issued Accounting Standards Update ( ASU") 2014-09, Revenue from Contracts with Customers Under ASU 2014 09, revenue is recognized when (or as) each performance obligation is satisfied by the entity which is defined as when control of the underlying goods or services is transferred to the customer The Company is still evaluating the impact of this pronouncement on their financial statements The pronouncement is effective for the Company for annual periods beginning after December 15 2018 and as such, it will not be applicable until the December 29 2019 fiscal year

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ASU 2014-15 defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures The Company implemented the guidance in the current year and has determined that there is no impact of the guidance on the financial statements

**Note 2 - Summary of Sıgnıficant Accountıng Polıcıes (contınued)**

**Subsequent events** - Subsequent events are events or transactıons that occur after the balance sheet date but before financıal statements are ıssued The Company recognızes ın the financıal statements the effects of all subsequent events that provıde addıtıonal evıdence about condıtıons that exısted at the balance sheet date, ıncludıng the estımates ınherent ın the process of preparıng the financıal statements The Company's financıal statements do not recognıze subsequent events that provıde evıdence about condıtıons that dıd not exıst at the date of the balance sheet but arose after the balance sheet date and before financıal statements are ıssued

The Company has evaluated subsequent events through March 28, 2017 whıch ıs the date the financıal statements were avaılable to be ıssued

**Note 3 - Related Party Transactıons**

The Member dırectly pays for the operatıng expenses of the Company The Company reımburses ıts Member for these expenses Durıng the years ended December 25 2016 December 27, 2015 and December 28, 2014, $139 263 $188 369 and $155 234 of operatıng expenses respectıvely, were allocated by the Member ın the accompanyıng statements of ıncome Addıtıonally, the Company remıts funds to the Member as needed for the cash flow purposes and records a due from Member Or ıf consıdered permanent, dıstrıbutes funds to the Member At December 25, 2016 and December 27 2015, the amounts due from the Member were $1 493 677 and $209,465 respectıvely No amounts were due from the Member as of December 28 2014

Addıtıonally the Member entered ınto joınt ventures wıth PS Development Company I LLC, PS Development Company II LLC, PS Development Company III, LLC PS Development Company VI LLC, Pızza Studıo Growth Partners 1 LLC and Pızza Studıo Growth Partners 2 LLC to open Pızza Studıo restaurants through franchıse agreements sıgned wıth the Company The Member holds the majorıty of the membershıp ınterest and controls each of these joınt ventures Total royalty fees paıd from the joınt ventures to the Company was $248 318 $226 873 and $104 391 as of December 25 2016 December 27 2015 and December 28 2014 respectıvely The amounts owed to the Company from these related partıes are properly dısclosed on the face on the balance sheet

**Note 4 - Member's Equıty**

The Company s lımıted lıabılıty company ( LLC ) operatıng agreement has a perpetual lıfe Excess cash flow tax lıabılıty dıstrıbutıons and profits and losses are to be dıstrıbuted to the member ın accordance wıth the operatıng agreement. The lıabılıty of the Company's Member ıs lımıted to the Member s specific capıtal balance Upon lıquıdatıon of the Company, the net assets shall be dıstrıbuted to the Member

**Exhibit F**

**State Administrators and Agents for Service of Process**

# STATE ADMINISTRATORS

Commissioner of California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free

Hawaii Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Chief
Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Franchise Section
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept of Attorney General
670 Law Building
525 W Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

Commissioner of Commerce
Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St Paul, Minnesota 55101
(651) ~~296-4026~~539-1600

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Director of the Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

Registration Specialist
Department of Labor and Regulation
Division of Securities
124 S Euclid Suite 104
Pierre, South Dakota 57501-3185
(605) 773-4823

State Corporation Commission
Division of Securities and Retail Franchising
1300 E Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater, Washington 98501
(360) 902-8760

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
345 W Washington Ave , 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

# AGENTS FOR SERVICE OF PROCESS

Commissioner of California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free

Hawaii Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62706

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

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 Seventh Place East
St Paul, Minnesota 55101

Attention New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510

Director of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920

Director of the Division of Securities
Department of Revenue and Regulation
124 S Euclid Suite 104
Pierre, South Dakota 57501-3185

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Administrator of Securities
Department of Financial Institutions
150 Israel Rd SW,
Tumwater, WA 98501 98504

Commissioner of Securities
Office of the Commissioner of Securities
345 W Washington Ave , 4th Floor
Madison, Wisconsin 53703

FOR ALL STATES NOT LISTED ABOVE

Samit Varma
~~26010 Mureau Road #140~~
~~Calabasas CA 91302~~

978 Blue Mountain Circle
Westlake Village, California 91362

**Exhibit G**

**State Addenda**

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

Item 6, "Other Fees," shall be amended by the addition of the following language to the section entitled "Interest on Late Payments "

Presently, the highest interest rate in California, is 10% annually

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following

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

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

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

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 31505) 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)

Neither Pizza Studio Franchise Company LLC, nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq , suspending or expelling these persons from membership in this association or exchange

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII**

1 The followıng paragraphs shall be added to the state cover page

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE

The name and address of the Franchısor's agent ın thıs state authorızed to receıve servıce of process ıs the Hawaıı Commıssıoner of Securıtıes, 335 Merchant Street, Honolulu, Hawaıı 96813

2 Each provısıon of thıs Addendum to the Dısclosure document ıs effectıve only to the extent, wıth respect to such provısıon, that the jurısdıctıonal requırements of the Hawaıı Franchıse Investment Law, Hawaıı Rev Stat §§ 482E-1, et seq , are met ındependently wıthout reference to thıs Addendum to the Dısclosure document, and only to the extent such provısıon ıs a then valıd requırement of the statute

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

Illinois law governs the agreements between the parties to this franchise

Under 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

In Item 17, the Choice of Forum and Choice of Law provisions are amended by section 4 of the Illinois Franchise Disclosure Act, which states that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS**

THIS ADDENDUM is entered into as of ______________, 20___ between Pizza Studio Franchise Company LLC, a Delaware limited liability company ("Company"), and ____________________, a ________________ ("Franchisee"), with reference to the following

1 Company and Franchisee have entered into a Pizza Studio Franchise Company LLC Franchise Agreement dated as of ___________________, 20____, (the "Franchise Agreement")

2 The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows

1 The following shall be deemed added to Section 18 3

"With respect to franchises governed by Illinois law, Company will comply with Section 41 of the Illinois Franchise Disclosure Act, which provides that

"Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void "

This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code "

2 The following shall be deemed added to Section 18 7

"Illinois law, as amended, shall apply to any franchise offered or sold in Illinois "

3 The following shall be deemed added to Sections 17 1 and 17 2

"Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois "

[SIGNATURE PAGE TO FOLLOW]

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms

"Company"

Pizza Studio Franchise Company LLC
a Delaware limited liability company

By ______________________
Name ______________________
Its ______________________
Date of signing ______________________

"Franchisee"

______________________,
[ ] an individual
[ ] a general partnership,
[ ] a limited partnership,
[ ] a limited liability company,
[ ] a corporation,
By ______________________
Name ______________________
Its ______________________
Date of signing ______________________

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC AREA DEVELOPMENT AGREEMENT FOR THE STATE OF ILLINOIS**

THIS ADDENDUM is entered into as of ______________, 20____ between Pizza Studio Franchise Company LLC, a Delaware limited liability company ("Company"), and ____________________, a ________________ ("Franchisee"), with reference to the following

1 Company and Franchisee have entered into a Pizza Studio Franchise Company LLC Area Development Agreement dated as of ___________________, 20____, (the "Area Development Agreement")

2 The parties wish to modify the Area Development Agreement, upon the terms and conditions set forth herein

NOW, THEREFORE, the parties agree to amend the Area Development Agreement as follows

1 The following shall be deemed added to Section 10 4

"With respect to franchises governed by Illinois law, Company will comply with Section 41 of the Illinois Franchise Disclosure Act, which provides that

"Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois, is void "

This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code "

2 The following shall be deemed added to Section 10 8

"Illinois law, as amended, shall apply to any franchise offered or sold in Illinois "

3 The following shall be deemed added to Sections 10 13 and 10 14

"Any provision in an area development agreement that designates jurisdiction or venue outside the State of Illinois is void However, an area development agreement may provide for arbitration in a venue outside of Illinois "

[SIGNATURE PAGE TO FOLLOW]

Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms

"Company"

Pizza Studio Franchise Company LLC
a Delaware limited liability company

By ____________________________
Name __________________________
Its ____________________________
Date of signing ____________________

"Franchisee"

__________________________,
[ ] an individual
[ ] a general partnership,
[ ] a limited partnership,
[ ] a limited liability company,
[ ] a corporation,
By ____________________________
Name __________________________
Its ____________________________
Date of signing ____________________

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations Item numbers correspond to those in the main body of the disclosure document

1 Item 17

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law This provision may not be enforceable under federal bankruptcy law (11 U S C A Section 101 et seq )

2 Item 17

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

3 Item 17

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

4 Item 17

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

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations In consideration of the execution of the Franchise Agreement, Pizza Studio Franchise Company LLC and Franchisee agree to amend the Franchise Agreement as follows

1 Release Sections 3 4 5 and 13 2, of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law")

2 Consent to Jurisdiction Section 17 1 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law will be brought in Federal District Court in Maryland

3 Statute of Limitations Any limitation on the period of the litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law

4 Acknowledgments Article 19 of the Franchise Agreement is amended by the addition of the following at the end of such Section "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

5 Construction In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms

"Company"
Pizza Studio Franchise Company LLC
a Delaware limited liability company

By ______________________________
Name ______________________________
Its ______________________________
Date of signing ______________________________

"Franchisee"
______________________________,
[ ] an individual
[ ] a general partnership,
[ ] a limited partnership,
[ ] a limited liability company,
[ ] a corporation,
By ______________________________
Name ______________________________
Its ______________________________
Date of signing ______________________________

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

1 Item 6, “Charges for unpaid checks, drafts or electronic payments” shall be amended by the addition of the following paragraph

NSF checks are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applied to everyone in Minnesota who accepts checks except banks

2 Item 13, “Trademarks,” shall be amended by the addition of the following

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks

3 Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs

Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

With respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 80C 14, Subds 3, 4, and 5 which require, 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

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA**

THIS ADDENDUM ıs entered ınto as of ______________, 20____ between Pızza Studıo Franchıse Company LLC a Delaware lımıted lıabılıty company ("Company"), and ____________________, a ________________ ("Franchısee"), wıth reference to the followıng

1 Company and Franchısee have entered ınto a Pızza Studıo Franchıse Company LLC Franchıse Agreement dated as of ___________________, 20____, (the "Franchıse Agreement")

2 The partıes wısh to modıfy the Franchıse Agreement, upon the terms and condıtıons set forth hereın

NOW, THEREFORE, the partıes agree to amend the Franchıse Agreement as follows

1 Mınnesota Statutes, Sectıon 80C 21 and Mınnesota Rule 2860 4400(J) prohıbıt the franchısor from requırıng lıtıgatıon to be conducted outsıde Mınnesota, requırıng waıver of a jury trıal, or requırıng the franchısee to consent to lıquıdated damages, termınatıon penaltıes or judgment notes In addıtıon, nothıng ın the Franchıse Dısclosure Document or agreement(s) can abrogate or reduce any of franchısee's rıghts as provıded for ın Mınnesota Statutes, Chapter 80C, or franchısee's rıghts to any procedure, forum, or remedıes provıded for by the laws of the jurısdıctıon

2 Wıth respect to franchıses governed by Mınnesota law, Company wıll comply wıth Mınn Stat Sec 80C 14, Subds 3, 4 and 5 whıch requıre, except ın certaın specıfıed cases, that a franchısee be gıven 90 days notıce of termınatıon (wıth 60 days to cure) and 180 days notıce for non-renewal of the Franchıse Agreement

3 Notwıthstandıng anythıng to the contrary set forth ın the Franchıse Agreement, and ın partıcular Sectıons 3 4 5 and 13 2, thereof, any general release the Franchısee ıs requıred to assent to shall not apply to any lıabılıty Company may have under the Mınnesota Franchıse Act

4 Mınnesota Rule 2860 4400J prohıbıts us from requırıng you to waıve your rıghts to a jury trıal The provısıon ın Sectıon 17 1 of the Franchıse Agreement waıvıng your rıghts to a jury trıal ıs hereby deleted and shall have no force or effect

5 Notwıthstandıng anythıng to the contrary set forth ın the Franchıse Agreement, and ın partıcularly Sectıon 11 4 thereof, Company wıll ındemnıfy Franchısee for all costs and expenses ıt ıncurs ın any actıon or proceedıng brought agaınst Franchısee by any thırd party as a result of Franchısee's authorızed use of Company's trademarks

6 Section 17 3 of the Franchise Agreement shall be replaced as follows

"**<u>Time for Bringing Claims</u>** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Franchisee, or Franchisee's operation of the Franchised Business, must be brought or asserted before the expiration of three years after the cause of action accrues "

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms

**"Company"**

Pizza Studio Franchise Company LLC
a Delaware limited liability company

______________________ ______________________

Date of Execution Name ______________________

Its ______________________

**"Franchisee"**

______________________ ______________________,

Date of Execution

[ ] an individual,
[ ] a ____________ general partnership,
[ ] a ____________ limited partnership,
[ ] a ____________ limited liability company,
[ ] a ____________ corporation

______________________

Name ______________________

Its ____________, and individually

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK**

1 The following paragraphs are to be added in the state cover page

THIS OFFERING PROSPECTUS IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT THIS OFFERING PROSPECTUS AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE

ALTHOUGH THESE FRANCHISES HAVE BEEN ACCEPTED FOR FILING, SUCH FILING UNDER THE GENERAL BUSINESS LAW, ART 33 OF THE STATE OF NEW YORK DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE NEW YORK STATE DEPARTMENT OF LAW THAT THE INFORMATION PROVIDED HEREIN IS TRUE THE DEPARTMENT'S REVIEW DID NOT INCLUDE A DETAILED EXAMINATION OF THE MATERIALS SUBMITTED A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT MAY CONSTITUTE A VIOLATION OF BOTH FEDERAL AND STATE LAW, AND SHOULD BE REPORTED TO BOTH THE FEDERAL TRADE COMMISSION, WASHINGTON D C 20580 AND THE NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, NEW YORK, NEW YORK 10271

GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE AT THE EARLIER OF (A) THE FIRST PERSONAL MEETING BETWEEN THE FRANCHISOR OR ITS AGENT AND THE PROSPECTIVE FRANCHISEE, (B) AT LEAST 10 BUSINESS DAYS PRIOR TO THE EXECUTION OF A BINDING FRANCHISE OR OTHER AGREEMENT OR (C) AT LEAST 10 DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION IN CONNECTION WITH THE SALE OR PROPOSED SALE OF A FRANCHISE

2 Item 3 is modified by adding the following language at the end of the Item

Except as disclosed in this Item 3, neither the franchisor, its predecessor, any person identified in Item 2 nor an affiliate offering franchises under the franchisor's principal trademark

A Has an (i) administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations, or (ii) pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

B Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of a or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

C Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 Item 4 is modified by adding the following language at the end of the last paragraph

Neither Pizza Studio Franchise Company LLC nor any affiliate, predecessor, officers, or general partner of Pizza Studio Franchise Company LLC has during the 10-year period immediately before the date of the disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

4 Item 5 is modified by adding the following language at the end of the Item

The Initial Fees, fees or payments will be used to fund our operation

5 Item 7 is modified by adding the following language at the end of the Item

THERE ARE NO OTHER DIRECT OR INDIRECT PAYMENTS TO THE FRANCHISOR IN CONJUNCTION WITH THE PURCHASE OF THE FRANCHISE

6 Item 17(d) is modified by adding the following to the summary description opposite the subsection entitled "Termination by you"

The franchisee or area developer may terminate the agreement on any grounds available by law

7 Item 17(j) is modified by adding the following to the summary description opposite the subsection entitled "Assignment of Contract by Franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise or area development agreement

8 Item 17(w) is modified by adding the following to the summary description opposite the subsection entitled "Choice of Law"

The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or area developer by article 33 of the General Business law of the state of New York

9 Each provision of this Addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Addendum, and only to the extent such provision is a then valid requirement of the statute

10 THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA**

1 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N D C C )

a Restrictive Covenants Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N D C C , without further disclosing that such covenants will be subject to this statute

b Situs of Arbitration Proceedings Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisee's business

c Restriction on Forum Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota

d Liquidated Damages and Termination Penalties Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties

e Applicable Laws Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota

f Waiver of Trial by Jury Requiring North Dakota franchisees to consent to the waiver of a trial by jury

g Waiver of Exemplary & Punitive Damages Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages

h General Release Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement

i Limitation of Claims Franchise Agreements that require the franchisee to consent to a limitation of claims The statute of limitations under North Dakota law applies

2 Item 17(r) in the table is modified by adding the following to the summary description opposite the subsection entitled "Non-competition covenants after the franchise is terminated or expires"

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota "

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC**
**FRANCHISE AGREEMENT**
**(State of North Dakota)**

THIS ADDENDUM is entered into as of _______________, 20___ between Pizza Studio Franchise Company LLC a Delaware limited liability company ("Company"), and ______________________, a _________________ ("Franchisee"), with reference to the following

1 Company and Franchisee have entered into a Pizza Studio Franchise Company LLC Franchise Agreement dated as of ____________________, 20____, (the "Franchise Agreement")

2 The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows

1 Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3 4 and 13 2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law

2 The following caveat is added to Section 12 1

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota "

3 Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 18 7 thereof, the Franchise Agreement and the legal relations among the parties to the Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota

4 Section 17 1 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein

"This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota "

[SIGNATURE PAGE TO FOLLOW]

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms

**"Company"**

Pizza Studio Franchise Company LLC
a Delaware limited liability company

_________________________ Date of Execution

_________________________
Name _________________________
Its _________________________

**"Franchisee"**

_________________________ Date of Execution

_________________________,
[ ] an individual,
[ ] a ______________ general partnership,
[ ] a ______________ limited partnership,
[ ] a ______________ limited liability company,
[ ] a ______________ corporation

_________________________
Name _________________________
Its ______________, and individually

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF VIRGINIA**

1 In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pizza Studio Franchise Company LLC for use in the Commonwealth of Virginia shall be amended as follows

Additional Disclosure The following statements are added to Item 17 h

Under Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the 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

2 Any securities offered or sold by the Franchisee must either be registered or exempt from registration under Section 13 1-514 of the Virginia Securities Act

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement in your relationship with us 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 us including the areas of termination and renewal of your franchise

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

Any release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except if you execute the release or waiver as part of a negotiated settlement after your agreement is in effect and where we are both represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act and/or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

We may collect the transfer fees if they reflect our reasonable estimated or actual costs in effecting your transfer

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

**ADDENDUM TO PIZZA STUDIO FRANCHISE COMPANY LLC FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement in your relationship with Company, 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 Company including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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

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

The undersigned hereby acknowledge receipt of this addendum

**"Company"**

Pizza Studio Franchise Company LLC
a Delaware limited liability company

Dated ____________________________

By ___________________________
Name _________________________
Its ____________________________

**"Franchisee"**

________________________________

Dated __________________________

[ ] an individual,
[ ] a _____________ general partnership,
[ ] a ______________ limited partnership,
[ ] a ____________ limited liability company,
[ ] a _____________ corporation
By _______________________________
Name _____________________________
Its _______________, and individually

**Exhibit H**
**Franchisee Information~~As~~ as of December ~~27, 2015~~25, 2016**

| STORE NAME | ADDRESS | TELEPHONE NO | CONTACT |
|---|---|---|---|
| Anchorage | 1254 Muldoon Rd<br>Anchorage, AK 99504 | 407-222-6111 | TPS Alaska, LLC*<br>Fred Rosenberg |
| Cityscape | 11 W Washington St , # 120<br>Phoenix, AZ 85003 | 818-224-5250 | TPS Phoenix, LLC*<br>Fred Rosenberg |
| ~~Tucson Grant~~ | ~~6501 E Grant Road~~<br>~~Tucson AZ 85715~~ | ~~520-269-6201~~ | ~~TPS Tucson, LLC*~~<br>~~Fred Rosenberg~~ |
| ~~University of Arizona~~ | ~~1031 N Park Ave~~<br>~~Tucson, AZ 85719~~ | ~~520-269-6201~~ | ~~TPS Tucson LLC~~<br>~~Fred Rosenberg~~ |
| ~~Alhambra~~Blythe | ~~6 West Main St~~ 330 S Lovekin Blvd<br>~~Alhambra, CA 91801~~Blythe, CA 92225 | ~~626-289~~760 922-~~8839~~3895 | ~~LND Enterprises, Inc~~ J DADA Pizza Blythe, LLC<br>~~Luke Stroekis~~Ajay Raman-Patel |
| Buena Park | 5970 Orangethorpe<br>Buena Park, CA 90620 | ~~213~~714 521-~~623-3029~~8 903 | TPS Perl, LLC*<br>Neal Perlmutter |
| Compton | 1759 ~~S~~ Alameda St E<br>Compton, CA 90220 | 310-635-~~0590~~0593 | TPS Perl, LLC<br>Neal Perlmutter |
| Sunvalley Mall | 1 Sunvalley Mall #FC101<br>Concord, CA 94520 | 925 826-1854 | PS Ventures Holding LLC<br>Mario Contreras |
| Fontana | 10515 Sierra Ave<br>Fontana, CA 92337 | 909 587-6950 | Line Six Restaurants, LLC*<br>Kent Bickell |
| ~~Los Gatos~~ | ~~681 Blossom Hill Rd #100~~<br>~~Los Gatos, CA 95032~~ | ~~408-356-7237~~ | ~~Studio 37 LLC~~<br>~~Jeff Burrill~~ |
| ~~Mountain View~~ | ~~565 San Antonio Road Suite 25~~<br>~~Mountain View, CA 94040~~ | ~~650-619-5600~~ | ~~Studio 37 LLC*~~<br>~~Jeff Burrill~~ |
| ~~Palo~~Lake ~~Alto~~Forest | ~~365 S California Avenue~~<br>~~Palo Alto~~23646 Rockfield Blvd #605 Lake Forest, CA ~~94306~~92630 | ~~650~~949 215-~~324-1925~~3 544 | ~~Studio 37~~TPS Perl, LLC<br>~~Jeff Burrill~~Neal Perlmutter |
| Poway | 13483 Poway Road, Suite 603<br>Poway, CA 92064 | 310-770-9500 | Katalyst International, LLC<br>Brian Mesic |
| ~~San Bruno~~ | ~~1150 El Camino Real Space 185~~<br>~~San Bruno CA 94066~~ | ~~650-829-5948~~ | ~~Studio 37 LLC~~<br>~~Jeff Burrill~~ |
| ~~San Diego — Gaslamp~~+ | ~~119 Broadway~~<br>~~San Diego, CA 92101~~ | ~~619-501-2076~~ | ~~J DADA Gaslamp, LLC~~<br>~~Ajay Raman-Patel~~ |
| ~~Oakridge~~ | ~~925 Blossom Hill Road~~<br>~~San Jose CA 95123~~ | ~~408-578-8955~~ | ~~Studio 37 LLC~~<br>~~Jeff Burrill~~ |
| Whittier | 15498 Whittier Blvd<br>Whittier, CA 90603 | 562 943-8600 | Line Six Restaurants, LLC*<br>Kent Bickell |
| ~~Logan~~Southwest ~~Square~~Mall | ~~2723 N Elston~~8501 W Bowles Ave~~.~~ | ~~773-489~~303 933-~~5000~~1320 | PS ~~Chicago,~~Ventures Holding LLC |

+ ~~During the first quarter of 2015, this unit was re-purchased by Parent and sold to JDADA Gaslamp LLC~~

| STORE NAME | ADDRESS | TELEPHONE NO | CONTACT |
|---|---|---|---|
| | ~~Chicago IL 60647~~Littleton, CO 80123 | | ~~Fade Kashkeesh~~Mario Contreras |
| ~~Oak Lawn~~NWMH | ~~5137 W 95th St~~ Feinberg Pavilion 2nd Floor<br>251 E. Huron St. Space 02-530<br>~~Oak Lawn, IL 60453~~Chicago, IL 60611 | 708 634-3999 | PS Chicago, LLC<br>Fade Kashkeesh |
| Legends | 1813 Village West Prkwy O103, Kansas City, KS 66109 | 913 788-7700 | Krishnaa, Inc.<br>Priyang Bhatt |
| Mall of America | 340 South Avenue<br>Bloomington, MN 55425 | 952 229-4441 | TPS New England LLC*<br>Bobby Azimian |
| STL Airport | 10701 Lambert Intl Blvd.<br>St. Louis, MO 63145 | | Host International, Inc. |
| Bronx | 444 E Fordham Rd<br>Bronx, NY 10458 | 718 215-6820 | FPP1, LLC<br>Frank Venice |
| Brooklyn | 528 Gateway Drive<br>Building E1 1<br>Brooklyn, N Y 11239 | 718 964-1101 | Apple Metro, LLC<br>Tim Eames |
| ~~Farmingdale~~ | ~~911 Broadhollow Road~~<br>~~Farmingdale NY 11735~~ | ~~631-777-8088~~ | ~~Jim Joy~~<br>~~Just Green Pizza, LLC~~ |
| Fort Union | 1961 E Fort Union Blvd<br>Cottonwood Heights, UT 84121 | 801 679-3485 | Murray Restaurant Concepts, LLC*<br>Blake Murray |
| Lehi | 3725 Thanksgiving Way Suite A<br>Lehi, UT 84043 | 801 768-2845 | Murray Restaurant Concepts, LLC<br>Blake Murray |
| ~~University Mall~~ | ~~575 E University Parkway~~<br>~~Orem, UT 84097~~ | ~~801-221-2014~~ | ~~Murray Restaurant Concepts LLC~~<br>~~Blake Murray~~ |
| Foothill Village | 1332 S Foothill Dr<br>Salt Lake City, UT 84108 | 801 410-4252 | Murray Restaurant Concepts, LLC<br>Blake Murray |
| City Creek | 51 S Main St Suite 238<br>Salt Lake City, UT 84111 | 801 359-4512 | Murray Restaurant Concepts, LLC<br>Blake Murray |
| Taylorsville | 5372 S. Redwood Rd<br>Taylorsville, UT 84129 | 801 904-2587 | Murray Restaurant Concepts, LLC<br>Blake Murray |
| Lakewood | 5605 Lakewood Towne Ctr. Blvd SW Ste. G<br>Lakewood, WA 98499 | 253 582-0682 | PS Northwest, LLC<br>Randy Morris |
| Southcenter | 17250 Southcenter Pkwy Ste 148 Tukwila, WA 98188 | 253-277-3662 | ~~Randy Morris~~<br>PS Northwest, LLC<br>Randy Morris |

* Indicates Area Developer

Franchise Agreements Signed But Restaurants Not Open as of December ~~27, 2015~~25, 2016
~~J DADA Point Loma, LLC~~Southgate PS, LLC
~~825 West Hobsonway~~
~~Blythe~~
Mark Bastorous
4740 Green River Road
Corona, CA ~~92225~~
~~Ajay Raman Patel~~

~~J DADA Pizza Blythe, LLC~~
~~825 West Hobsonway~~
~~Blythe, CA 92225~~
~~Ajay Raman Patel~~93880
714-600-4227

## Former Franchisees

~~TPS San Diego, LLC~~
Studio 37 LLC
~~George Katakalidis~~
~~4240 Kearny Mesa Rd #113~~
Jeff Burrill
1960 The Alameda, #150
San ~~Diego, CA 92111 858 430 6553~~Jose, California 95126
650 829-5948
(closed 5 units)

TPS Perl, LLC
Neal Perlmutter
5970 Orangethorpe
Buena Park, CA 90620
~~213-623-3029~~949 300-7818
(closed 2 units)

Jim Joy
Just Green Pizza, LLC
530 East 76th Street, Apt 34K
New York, New York 10021
631-777-8088
(closed 1 unit)

Murray Restaurant Concepts, LLC
Blake Murray
2921 E. Crestview Dr.
Salt Lake City, UT 84108
801 679-3485
(closed 1 unit)

PS Chicago LLC
Rami Kashkeesh
15341 S 94th Ave Suite 102
Orland Park, IL 60462
708-403-8875
(closed 2 units)

LND Enterprises, Inc.
Luke Strockis
466 Foothill, #351
La Canada, CA 91011
(closed 1 unit)
626 289-8839

Company and Affiliate Owned Restaurants as of December ~~27, 2015~~25, 2016

| STORE NAME | ADDRESS | TELEPHONE NO |
|---|---|---|
| Burbank | 3619 W Magnolia Blvd Burbank, CA 91505 | 818-224-5250 |
| USC | 3584 S Figueroa St Los Angeles, CA 90007 | 213 763-6123 |
| Fig @ 7th | 735 S Figueroa St Los Angeles, CA 90017 | 213 623-3048 |
| ~~Legends~~ Mountainview | ~~1813 Village West Prkwy Q103, Kansas City~~565 San Antonio Rd. Bldg 2 Ste 25 Mountain View, ~~KS 66109~~CA 94040 | ~~913 788~~650 559-~~7700~~1904 |
| Charles Village | 3201 Saint Paul St Ste 8858 D Baltimore, MD 21218 | 410 366-1896 |
| Edmond | 1225 W I-35 Frontage Rd Edmond, OK 73034 | 405 359-2257 |
| Dupont | 1333 New Hampshire Washington DC 20036 | 202 331-1895 |

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

**Exhibit I**

**Table of Contents of Manual(s)**

**PIZZA STUDIO**
**FRANCHISE OPERATIONS MANUAL**

**TABLE OF CONTENTS**

## Exhibit J – 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 Studio Franchise Company 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

Several states, including New York ~~and Rhode Island~~, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Pizza Studio Franchise Company LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the state agency listed on Exhibit F

The following is the name, principal business address and telephone number of each franchise seller offering this franchise

☐ Samit Varma, ~~26010 Mureau Road, Suite 140, Calabasas, CA 91302~~2978 Blue Mountain Circle, Westlake Village, California 91362 (888) 630-9406

☐ Ron Biskin, ~~26010 Mureau Road, Suite 140 Calabasas, CA 91302~~2978 Blue Mountain Circle, Westlake Village, California 91362 (888) 630-9406

☐ See attached list

Date of Issuance ~~March 25 2016~~ May 11, 2017,

See Item 1 for our registered agent authorized to receive service of process

I have received a disclosure document dated ~~March 25, 2016,~~May 11, 2017, that included the following Exhibits

A Franchise Agreement
B Area Development Agreement
C General Release
D Guaranty
E Financial Statements
F State Administrators and Agents for Service of Process
G State Addenda
H Franchisee Information
I Table of Contents of Manuals
J Receipt

Date ____________________

Prospective Franchisee

By ______________________________
Name ______________________________
Individually and on behalf of the following entity
Company Name ______________________________
Title ______________________________