QUAKER STEAK & LUBE®
FRANCHISE DISCLOSURE DOCUMENT

2019 FDD

FRANCHISE DISCLOSURE DOCUMENT

QSL Franchise Systems LLC
A Maryland limited liability company
24601 Center Ridge Road
Westlake, Ohio 44145-5634
(440) 808-9100
blane@thelube.com
www.quakersteakandlube.com
www.lubefranchising.com

As a franchisee, you will operate a QUAKER STEAK & LUBE® Restaurant featuring a varied menu of chicken wings, chicken, hamburgers, salads, steaks, a retail area, and a full-service bar with a distinctive motor theme trade dress in a family fun casual dining atmosphere. You will be required to sign both a franchise agreement and an area development agreement.

The total investment necessary to begin operation of a QUAKER STEAK & LUBE® Restaurant is from $1,346,000 to $3,566,000. This includes payment to us and/or an affiliate of $80,000 to $110,000 for each Restaurant. The typical Restaurant is between 4,000 and 6,500 square feet.

The total investment necessary to begin operation of an Ancillary Facility (as described below) is from $463,500 to $1,163,500. This includes payment to us and/or an affiliate of $54,000 to $71,000 for each Ancillary Facility. An Ancillary Facility is a separate food service facility within a non-traditional area such as an amusement park, fair, stadium, arena, concession trailer, university, college, food court, travel plaza and airport. Ancillary Facilities typically offer a limited menu and/or over-the-counter service with limited or no table service. Ancillary Facilities are typically under 4,000 square feet.

The total investment necessary to begin operation as a developer under an Area Development Agreement is a development fee of $20,000 multiplied by the total number of Restaurants to be developed plus the initial franchise fee of $40,000 for the first Restaurant to be developed. We require an Area Development Agreement for one or more Restaurants.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, you can contact the QSL Franchise Department by mail at 24601 Center Ridge Road, Westlake, Ohio 44145-5634, by phone at (440) 808-9100, or by email at blane@thelube.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. For information on franchising, such as a “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: April 1, 2019, as amended April 25, 2019

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

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

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

1. **THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR, IN CERTAIN CIRCUMSTANCES, LITIGATION ONLY IN OHIO. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN OHIO THAN IN YOUR OWN STATE.**

2. **THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT OHIO LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Date: See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Florida, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this disclosure document is April 1, 2019, as amended April 25, 2019.

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Exhibits:

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

FRANCHISOR

To simplify the language in this Franchise Disclosure Document, "QSL" or "we" means QSL Franchise Systems LLC, the franchisor. "You" means the person or entity who buys the franchise. If "you" are a corporation or limited liability company, "you" includes your owners. The term "affiliate" means an entity controlled by, controlling, or under common control with, another entity.

QSL is a Maryland limited liability company that was formed on March 24, 2016. Our principal business address is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Our agents for service of process are disclosed in Exhibit E. We conduct business under the names Quaker Steak & Lube® and QSL Franchise Systems LLC.

PARENTS

QSL is a wholly owned subsidiary of TravelCenters of America Holding Company LLC, a Delaware limited liability company ("TA Holding"). TA Holding originally was organized as a Delaware corporation on November 30, 1992, under the name National Auto/Truckstops Holdings Corporation. The name of TA Holding was changed to TravelCenters of America, Inc. on March 6, 1997. On January 31, 2007, TA Holding was converted to a Delaware limited liability company and it changed its name to TravelCenters of America Holding Company LLC. TA Holding's principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. TA Holding currently owns all of the outstanding membership interests of QSL. All of the outstanding membership interests of TA Holding are owned by TravelCenters of America LLC, a Delaware limited liability company that was formed on October 10, 2006 ("TA"). TA is a publicly traded company whose stock is listed on the Nasdaq Stock Market. Neither TA nor TA Holding has ever directly offered franchises of any sort.

AFFILIATES

TA Operating LLC, a Delaware limited liability company ("TA Operating"), is our affiliate. TA Operating owns intellectual property, including the Licensed Marks (as defined below), which it licenses to us for use in the QSL System, pursuant to a License Agreement dated April 20, 2016. TA Operating is also the supplier of certain services and proprietary products to our franchisees, including proprietary sauces. TA Operating was originally formed as a Delaware corporation on July 18, 1993 and converted to a Delaware limited liability company on January 31, 2007. TA Operating's principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. TA Operating or its predecessor has operated restaurants and travel centers since 1993. TA Operating has operated Quaker Steak & Lube Restaurants since 2016. As of December 31, 2018 TA Operating operates 16 Quaker Steak & Lube Restaurants. TA Operating has never offered franchises of any sort.

TA Franchise Systems LLC, a Delaware limited liability company ("TA Franchise"), is our affiliate. TA Franchise offers franchises for the operation of full-service travel center facilities, under the name "TravelCenters of America,"® the name "TA"® and the related design, and certain other trade names and trademarks (the "TA System"). TA Franchise was originally formed as a Delaware corporation on July 13, 1982, and converted to a Delaware limited liability company on January 31, 2007. TA Franchise's principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. TA Franchise and its predecessors have offered travel center franchises since 1990. As of December 31, 2018, there were 12 franchises in the TA System. TA Franchise has never offered franchises of the sort being offered here. TA Franchise has never operated a business of the type being franchised here.

Petro Franchise Systems LLC, a Delaware limited liability company ("Petro Franchise"), is our affiliate. Petro Franchise offers franchises for the operation of full-service travel center facilities, under the name "Petro Stopping Center" and several other trademarks and service marks (the "Petro System"). Petro Franchise was formed on August 12, 2008. Petro Franchise's principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Petro Franchise and its predecessors have offered travel center franchises since 1984. As of December 31, 2018, there were 13 franchises in the Petro System. Petro Franchise has never offered franchises of the sort being offered here. Petro Franchise has never operated a business of the type being franchised here.

QSL Operating LLC, a Maryland limited liability company ("QSL Operating") is our affiliate. QSL Operating was formed on March 24, 2016. QSL Operating's principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. QSL Operating is the sole supplier of gift card services to QSL franchisees. QSL Operating does not offer franchises and does not engage in any other business other than providing gift card services to: (a) QSL franchisees; and (b) QSL Operating's affiliates.

PREDECESSOR

Our predecessor was Quaker Steak & Lube Franchising Corporation, a Pennsylvania corporation ("Predecessor"). Predecessor's principal place of business was 101 Chestnut Street, Sharon, Pennsylvania 16146. Predecessor offered Quaker Steak & Lube® franchises beginning in 1996. Predecessor never offered any other type of franchise and never had any other business activities. Certain of predecessor's affiliates operated businesses of the type being franchised since 1974. Predecessor never operated a business of the type being franchised. On April 20, 2016, QSL purchased certain franchise contracts from Predecessor. TA and its affiliates also purchased certain assets from Predecessor's parents, Lube Holdings, Inc. and Lube Aggregator, Inc., and Predecessor's affiliates, including QSL Intellectual Properties Corp., each with a business address of 101 Chestnut Street, Sharon, Pennsylvania 16146. Various of Predecessor's affiliates operated Quaker Steak & Lube Restaurants, beginning in 1974. Predecessor offered Quaker Steak & Lube Franchises beginning in 1996. Predecessor and its affiliates have filed for bankruptcy, as set forth in Item 4.

DESCRIPTION OF FRANCHISE

We offer franchises for the establishment and operation of casual dining restaurants offering a varied menu of chicken wings, chicken, hamburgers, salads, and steaks, with full-bar service, retail area, and a distinctive motor themed trade dress (each, a "Restaurant"), pursuant to the terms of the Franchise Agreement and Area Development Agreement. The Restaurants may be full service or located at an Ancillary Facility, as described below. The Restaurants are operated under the name QUAKER STEAK & LUBE® and other licensed marks as set forth in Item 13, below (the "Licensed Marks").

We have never offered and do not offer franchises in any other type of business and, except as provided in this Item 1, we have no other business activities. Our affiliates offer franchises in another type of business as set forth in this Item 1. Our affiliates operate Restaurants as set forth in this Item 1.

The Restaurants are established and operated pursuant to QSL's system (the "QSL System"). The QSL System includes distinctive signage, interior and exterior design, décor and color schemes, including as set forth in our plans (the "Development Plans"); special recipes and menu items, including proprietary sauces and ingredients; uniform standards, specifications and procedures for operation; quality and uniformity of products and services; training and assistance; and advertising, promotional, marketing and public relations programs; all of which we may change, improve and further develop in our discretion (see Items 8, 11, 14 and 16). The QSL System and certain of its mandatory (and suggested) standards, specifications, and procedures are set forth in our operations manual, purchasing manual, marketing and public relations manual, and other manuals (together, the "Manuals").

You must enter into an Area Development Agreement, the form of which is attached as Exhibit B to this disclosure document (the "Area Development Agreement") to develop one or more Restaurants within a specifically described geographic territory (the "Development Area"). (This requirement does not apply to Ancillary Facilities, as set forth below.) The Development Area will be determined by us and will vary depending on local market conditions and the number of Restaurants to be developed. The Development Area will be described in Exhibit A to the Area Development Agreement. You must develop the Restaurants within the Development Area according to a development schedule, which will be attached as Exhibit B to the Area Development Agreement (the "Development Schedule"), and enter into a separate Franchise Agreement for each Restaurant you establish under the Area Development Agreement.

The form of Franchise Agreement for your first Restaurant is attached as Exhibit C to this disclosure document. You may be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement attached hereto for subsequent Restaurants to be developed under an Area Development Agreement. For each additional Restaurant developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, provided that the royalty fees and advertising contributions remain the same as those established for your first Restaurant, unless the Area Development Agreement provides for differing royalty fees and advertising contributions. For each Franchise Agreement that you sign, we will determine a defined geographic territory (the "Protected Area") which will be described in Exhibit C to the Franchise Agreement. The size of the Protected Area varies depending on local market conditions.

If you qualify, and if we so determine, in our sole discretion, you may operate a Restaurant located within a non-traditional area, such as an amusement park, fair, stadium, arena, concession trailer, university, college, food court, travel plaza, or airport, as we determine in our sole discretion (such Restaurant is referred to as an "Ancillary Facility"). Ancillary Facilities may offer a limited menu and/or over-the-counter service with limited or no table service. Most Ancillary Facilities are under 4,000 square feet. Unless otherwise specified, all references to Restaurants shall also refer to Ancillary Facilities. An Ancillary Facility does not qualify as a Restaurant to be developed under the Development Schedule of your Area Development Agreement.

COMPETITION

The market for food products and services the Restaurants offer is highly competitive, as is the market for obtaining locations for Restaurants. Your competition includes all restaurant concepts, including independent restaurants and local, regional, and national chain restaurants.

Your market includes all types of retail consumers. Your competitors generally include other sit-down and take-out restaurants. Sales are made year-round.

INDUSTRY REGULATIONS

You should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances, including the Americans with Disabilities Act, Federal Wage and Hours Laws, and the Occupation, Health and Safety Act. The U.S. Food and Drug Administration at the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions and restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation. State and local laws, regulations and ordinances vary significantly. You will need to understand and comply with these laws in operating the Restaurant. There may be other laws applicable to your business.

To operate the full-service Restaurant, you must obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost to obtain a license to sell liquor, the restrictions placed on how liquor may be sold, and the potential liability under Dram Shop Laws, which are imposed upon you involving injuries, directly or indirectly, related to the sale of liquor and its consumption. You must understand and comply with these laws in the operation of your Restaurant.

ITEM 2

BUSINESS EXPERIENCE

Managing Director: Adam D. Portnoy

Adam D. Portnoy has served as a Managing Director of QSL since 2018 (Newton, MA). Mr. Portnoy has served as a Managing Director of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since 2018 (all in Newton, MA). Mr. Portnoy has been one of the managing directors of The RMR Group Inc. ("RMR Inc.") and its president and chief executive officer since 2015 (Newton, MA). Mr. Portnoy has been president and chief executive officer of The RMR Group LLC ("RMR LLC") the business manager and advisor to us and our Affiliates, since 2005 and was a director of RMR LLC from 2006 until June 5, 2015 when RMR LLC became a majority owned subsidiary of RMR Inc. and RMR Inc. became RMR LLC's managing member. Mr. Portnoy has been a director of RMR Advisors LLC since 2007 and served as its president from 2007 to September 2017 and its chief executive officer from 2015 to September 2017. Mr. Portnoy has been a director of Tremont Realty Advisors LLC since March 2016, and he was its president and chief executive officer from March 2016 through December 2017. Mr. Portnoy is an owner, trustee and officer of ABP Trust, the controlling shareholder of RMR Inc. Mr. Portnoy is an owner and has been a director of Sonesta International Hotels Corporation since 2012. Mr. Portnoy served as president of RMR Real Estate Income Fund from 2007 to 2015. Mr. Portnoy was a managing trustee of Equity Commonwealth from 2006 until 2014 and served as its president from 2011 to 2014. Mr. Portnoy serves on the boards of Hospitality Properties Trust (since 2007); Senior Housing Properties Trust (since 2007); Government Properties Income Trust (since 2009); RMR Real Estate Income Fund, including its predecessor funds (since 2009); Select Income REIT (since 2011); The RMR Group Inc. (since 2015); Tremont Mortgage Trust (since 2017); Industrial Logistics Properties Trust (since 2017) and Five Star Senior Living Inc. (since 2018).

Managing Director and CEO: Andrew J. Rebholz

Andrew J. Rebholz has served as CEO of QSL since January 1, 2018 and as Managing Director of QSL since March 15, 2018 (Westlake, OH). Mr. Rebholz has served as CEO of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since January 1, 2018, and as Managing Director since March 15, 2018 (all in Westlake, OH). Mr. Rebholz served as Executive Vice President, Chief Financial Officer and Treasurer of QSL from 2016-2017. Mr. Rebholz served as the Executive Vice President, Chief Financial Officer and Treasurer of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since 2007. Mr. Rebholz has served as Executive Vice President of RMR, LLC since January 1, 2018 and as Senior Vice President of RMR LLC from 2007-2017.

President and Chief Operating Officer: Barry A. Richards

Barry A. Richards has served as President and Chief Operating Officer of QSL since January 1, 2018 and as Executive Vice President of Operations for QSL from 2016 – 2017 (Westlake, OH). Mr. Richards has served as President and Chief Operating Officer of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since January 1, 2018 (all in Westlake, OH). He served as Executive Vice President of Operations for TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise from 2010-2017. Mr. Richards has served as Senior Vice President of RMR LLC since January 1, 2018.

Executive Vice President, CFO, and Treasurer: William E. Myers

William E. Myers has served as Executive Vice President, Chief Financial Officer, and Treasurer of QSL since January 1, 2018 (Westlake, OH). Mr. Myers has served as the Executive Vice President, Chief Financial Officer, and Treasurer of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since January 1, 2018 (all in Westlake, OH). Mr. Myers served as Senior Vice President and Chief Accounting Officer of QSL from 2016-2017. He has also served as Senior Vice President and Chief Accounting Officer of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise from 2014-2017. Previously, Mr. Myers served as Vice President, Technical Accounting and Reporting of Eaton PLC, from 2010 to 2014. Mr. Myers has served as Senior Vice President of RMR LLC since January 1, 2018.

Executive Vice President and General Counsel: Mark R. Young

Mark R. Young has served as Executive Vice President and General Counsel of QSL since 2016 (Newton, MA). Mr. Young has also served as the Executive Vice President and General Counsel of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since 2007 (all in Newton, MA). Mr. Young has served as Senior Vice President of RMR LLC since 2011.

Executive Vice President, Retail Operations: Rodney Bresnahan

Rodney Bresnahan has served as Executive Vice President, Retail Operations of QSL since 2017 (Westlake, OH). Mr. Bresnahan has also served as Executive Vice President of TA, TA Holding, TA Operating, TA Franchise, and Petro Franchise since 2017 (all in Westlake, OH). Previously, Mr. Bresnahan served as Senior Vice President and Director of Store Operations of TA Holding, TA Operating, TA Franchise, and Petro Franchise from 2014 to 2017.

Vice President, Quaker Steak & Lube: Bruce Lane

Mr. Lane has served as Vice President, Franchise Services, of QSL June 2017 (Westlake, OH). Mr. Lane previously served as Franchise Operations and Development Manager for Luby's Fuddruckers Restaurants, LLC, headquartered in Houston, TX, from March 2010 to June 2017.

ITEM 3

LITIGATION

LAWSUITS INVOLVING THE FRANCHISE RELATIONSHIP

QSL Portage, LLC v. QSL Franchise Systems LLC, Adv. No. 17-02062-jra (Bankr. N.D. Ind.). On June 26, 2017, our former franchisee QSL Portage, LLC filed an adversary proceeding against us in connection with its bankruptcy, captioned In re QSL Portage, LLC, Case No. 17-21799-jra (Bankr. N.D. Ind.). QSL Portage, LLC ("Former Franchisee") was a former franchisee, whose Franchise Agreement was terminated on June 13, 2017 for various reasons, including repeated failures to meet our standards and requirements. Thereafter, Former Franchisee filed for bankruptcy and filed an adversary complaint against us, alleging breach of the Franchise Agreement and implied covenant of good faith and fair dealing, violation of the Indiana Franchise Practices Act, tortious interference, and willful violation of the bankruptcy court's automatic stay. We filed an answer denying Former Franchisee's claims and filed a counterclaim seeking a declaration that the franchise agreement was terminated prepetition and seeking to require Former Franchisee to stop using our marks and signage and to close its QSL Restaurant. On May 16, 2018 we entered into a settlement agreement with the Former Franchisee, whereby we agreed to pay $250,000 in exchange for: (a) dismissal of the adversary action; (b) a covenant against competition from the Former Franchisee; (c) consulting services from the Former Franchisee; and (d) a full release of all claims in connection with the Franchise Agreement. In connection with the settlement agreement, the Former Franchisee also agreed to close the restaurant.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

BANKRUPTCY INVOLVING PREDECESSOR

IN RE: QSL OF MEDINA, INC. (8260); QSL OPERATIONS, INC. (2667); QSL MANAGEMENT, INC. (1988) QUAKER STEAK & LUBE FRANCHISING CORPORATION (1589); QUAKER STEAK & WINGS, INC. (7669); QSL SAUCES, INC. (8951); QSL INTELLECTUAL PROPERTIES CORPORATION (9985); QSL OF BUFFALO, INC. (6439); QSL OF SHEFFIELD, INC. (5326); QSL OF PLANO, INC. (6701); QSL OF WARREN, INC. (3865); QSL OF INDEPENDENCE, OHIO, INC. (0166); QSL OF NEWPORT NEWS, INC. (3858); QSL OF LAKEWOOD, INC. (1575); QSL OF HARRISONBURG, INC. (4832); QSL OF CONCORD, INC. (9262); QSL OF CARROLLTON, INC. (7632); QSL OF FORT WAYNE, INC. (3079); LUBE HOLDINGS, INC. (6457); BEST WINGS USA, INC. (1339); QSL OF WHEELING, INC. (2220); QSL OF VERMILLION, INC. (5207); QSL OF SPRINGFIELD, INC. (9745); QSL OF SPRINGFIELD REALTY, INC. (9589); QSL OF FREDERICKSBURG, INC. (4887); QSL OF MEDINA REALITY, INC. (8418); AND LUBE AGGREGATOR INC. (1263). United States Bankruptcy Court, Northern District of Ohio, Eastern Division; Case Nos. 15-52722; 15-52724; 15-52726 through 15-52732; 15-52734 through 15-52735; 15-52737 through 15-52738; 15-52740 through 15-52749; 15-52751 through 15-52754, Jointly Administered under Case No. 15-52722. Our Predecessor, Quaker Steak and Lube Franchising Corp., 101 Chestnut Street, Sharon, PA 16146, and certain of its affiliates (together, the "Debtors"), filed a petition under Chapter 11 of the United States Bankruptcy Code on November 16, 2015. On March 25, 2016, the bankruptcy court entered an Order (A) Authorizing the Sale of Substantially All of The Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Granting Related Relief. On April 20, 2016, the Debtors and TA closed on TA's purchase of substantially all of the Debtors' assets. On December 14, 2018, a Final Decree was entered.

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

ITEM 5

INITIAL FEES

INITIAL FRANCHISE FEE

You must pay us an initial franchise fee of $40,000, for each Restaurant, in a lump sum when you sign the Franchise Agreement. The franchise fee for your first Restaurant is due at the signing of the Area Development Agreement. The initial franchise fee for each Ancillary Facility is $30,000 and is payable at the time you sign the Franchise Agreement. All franchise fees are fully earned and non-refundable regardless of whether you actually open the Restaurant or Ancillary Facility.

The Franchise Fee for your fourth and subsequent Restaurants (the Restaurant count for this reduction does not include Ancillary Facilities) will be reduced to $20,000 for a Restaurant and to $15,000 for an Ancillary Facility provided:

1. You and your affiliates are in compliance with the terms of at least three separate franchise agreements for non-Ancillary Facility Restaurants between you or your affiliates and us, including but not limited to, the successful establishment of a certified training Restaurant by you (as described in Item 11 of this disclosure document and Section 6 of the Franchise Agreement);

2. You conduct the required initial training program at your certified training restaurant for your Management Team (as defined in Item 11 of this disclosure document) for the fourth and any subsequent Restaurants, in compliance with our standards and requirements; and

3. You, not us, conduct the pre-opening and post-opening training for your fourth and any subsequent Restaurant(s) using no less than 11 of your employees as trainers, each of whom has been certified by us as a designated trainer, under the supervision of 2 of our Training Department supervisors, in compliance with our standards and requirements.

In the event you do not comply with all of these requirements, the initial franchise fee shall be $40,000 for the fourth and any subsequent Restaurant(s) and $30,000 for the fourth and any subsequent Ancillary Facilities, and you may be deemed in default of the Area Development and Franchise Agreements.

AREA DEVELOPMENT FEE

You must sign an Area Development Agreement for one or more Restaurants, and at that time, you must pay us a Development Fee of $20,000 for each Restaurant to be developed within the Development Area pursuant to the Development Schedule, plus $40,000 due as the initial Franchise Fee for the first Restaurant. The Development Fee is fully earned by us, when paid is non-refundable, and is being paid in consideration of lost development opportunities. The Development Fee is not credited towards any initial Franchise Fees to be paid.

DEVELOPMENT SCHEDULE EXTENSION FEE

In the event you do not meet the Development Schedule and if you are otherwise in compliance with the Development Agreement and any Franchise Agreements, you may request approval of a one-time extension, not to exceed 90 days, of the date a Restaurant is to be developed pursuant to the Development Schedule for a maximum of three Restaurants (one 90 day extension per QSL Restaurant). You must pay us a non-refundable area development extension fee ("Area Development Extension Fee") of $10,000 per Restaurant for the second and third extension requested by you at the time you requests the extension. There is no Area Development Extension Fee for the first extension. The Development Extension Fee is in addition to the Development Fee and the Initial Franchise Fee for each Restaurant.

OPENING ASSISTANCE FEES

We will provide you with training assistance in connection with the opening and initial operation of your Restaurant. The cost you must pay to us for providing pre-opening and post-opening assistance at your Restaurant ranges from $20,000 to $52,000. You are required to provide the training in connection with the opening and initial operation of your fourth and subsequent Restaurants using 11 of your employees as trainers, under our supervision, in compliance with our standards and requirements.

INITIAL INVENTORY OF SAUCES

Before your Restaurant opens, you must purchase your initial inventory of our proprietary sauces from TA Operating at a nonrefundable cost of $3,000 to $5,000.

GRAND OPENING FEE

You must spend at least $10,000 on a pre-opening and grand opening marketing program for each Restaurant you open. The plan for the program must be presented to QSL at least 45 days prior to the expected Restaurant opening date. The plan must be approved by QSL and such approval will be provided within 15 days of receipt by QSL. Failure to respond by QSL shall be deemed as non-approval. The program must be executed as approved, and completed, within 90 days after the opening of your Restaurant. This requirement does not apply to Ancillary Facilities.

CONVERSION DESIGN FEE

In the event you request approval to convert an existing building to a Restaurant, you must provide us with existing floor plans and elevations. We will consult with a design company or architect selected by us to revise the existing floor plans and elevations for the proposed Restaurant to our specifications. You must pay to us a Conversion Design Fee of up to $5,000 for design services and specifications related to providing the basic floor plan and equipment layout, elevations and color rendering of one of the elevations at the time you submit the request for the site design approval. The Conversion Design Fee is not credited toward any initial Franchise Fees to be paid.

Except as otherwise specified, all fees described in this Item 5 are uniformly imposed on all franchisees and developers and, with the exception of the Grand Opening Fee, are collected by and payable to us and/or our affiliate, and are non-refundable.

ITEM 6

OTHER FEES

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Royalty	5% of Gross Sales for Restaurants 4.75% of Gross Sales for all of your Restaurants (excluding Ancillary Facilities), provided that you are currently operating at least 3 Restaurants 4.5% of Gross Sales for all of your Restaurants (excluding Ancillary Facilities), provided that you are currently operating at least 4 Restaurants 7% of Gross Sales for Ancillary Facilities	Payable weekly on the third day following the Report Day (as defined in Section 9 of the Franchise Agreement)	Gross Sales means the total actual gross charges for all sales to customers of your Restaurant for cash, credit, like-kind exchange or barter, including gift cards, whether these sales are made at or from the Restaurant, or any other location including service charges in lieu of gratuity, and revenue from the operation of vending machines and gaming devices (as permitted by law) located at the Restaurant; net of rebates and refunds. Any amounts that you collect and transmit to state or local authorities as sales, use, or other similar taxes are excluded from the definition of Gross Sales, as are employee discounts and other approved discounts not to exceed 10% of sales. The reduction in Royalties for operating 3, 4, or more Restaurants shall only apply so long as you continue to operate the requisite number of Restaurants.
QSL Ad Fund	.75% of Gross Sales	Payable weekly on the third day following the Report Day	You pay this fee to us for implementation of our marketing plans. We may increase this amount by up to 2.25% (to a total of 3%) upon thirty days written notice. Amounts paid in excess of 1% will be credited to your Local Advertising and/or Cooperative contribution requirements.
Local Advertising	3% of Gross Sales	Payable Annually	This amount must be used by you in connection with approved local marketing and promotions. If your expenditures do not aggregate a minimum of 3% of your Gross Sales annually, you must remit the amount

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
			of the deficiency to us for deposit into the QSL Ad fund. Verification of your advertising expenditures must be submitted to us on a quarterly basis. We have the right to require you to pay this amount to us for deposit into the QSL Ad Fund, rather than requiring you to use it for local advertising. In no event shall you be required to cumulatively pay more than 4% of Gross Sales for the QSL Ad Fund, Local Advertising, or Regional or Local Advertising Cooperatives.
Regional or Local Advertising Cooperative	Up to a Maximum 3% of Gross Sales, credit against local advertising requirement. (There are presently no Regional or Local Advertising Cooperatives).	As Cooperative requires	Contributions to Regional or Local Advertising Cooperative are made to the cooperative, rather than us. These payments are credited toward your obligation to spend a minimum of 3% of Gross Sales on local advertising activities. There are presently no Regional or Local Advertising Cooperatives.
Transfer	$35,000 if transfer is to a 3rd party $10,000 if transfer is among your owners	Before the date of closing	Paid only if you transfer or sell your rights in the franchise.
Interest	The lesser of 18% per annum or the highest contract amount permitted by law.	As incurred	Payable to us on all overdue payments and any NSF charges. Interest begins from the date of the underpayment.
Additional Assistance, Additional Training Courses or Additional Training Conferences	At cost	As incurred	You must pay all expenses incurred in connection with additional training required by us, remedial training required by us, and additional training or operations assistance requested by you.
Annual Meetings	At cost	As incurred	You are responsible for all expenses incurred by you, your general manager, and employees in connection with attending any annual meetings which we organize.
Audit	Delinquency of royalty and advertising fees, plus interest from the date	As incurred	Interest due if there is an understatement in the royalty and advertising contributions. You must

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
	due. In addition, if there is an understatement of Gross Sales which exceeds 2% during any accounting period, you must pay the cost of the audit		pay cost of audit if understatement exceeds 2% of Gross Sales during any accounting period.
Substitute Supplier/Product Approval	At cost	As incurred	You must reimburses us for the costs we incur in testing or inspecting unapproved suppliers and products. we approve or disapprove a substitute product or vendor at your request.
Site Selection Visits	At cost	As incurred	You must reimburse us for the costs we incur in visiting sites to assist you with site selection There is no charge for our initial visit to a site that you request that we approve.
Site Relocation	At cost	As incurred	You must reimburse us for the costs we incur in approving a Site relocation.
Franchise Renewal Fee	20% of the then- current initial franchise fee	Prior to renewal of franchise	
Area Development Agreement Schedule Extension Fee	$10,000 for each of the second and third permitted extensions	As incurred	Paid at the time of request for extension. You may request a total of three 90 day extensions. There is no charge for the first extension. You may only use one 90 day extension for each Restaurant.
Quality Control Inspection Program	$700 annually	As incurred	Cost of two audits per year.

Except for the regional or local advertising costs and cooperative fees, all fees in this Item 6 are imposed and are collected by and payable to us and are non-refundable under any circumstance. Except as otherwise specified, all the fees described in Item 6 are uniformly imposed on all franchisees.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR FRANCHISE AGREEMENT

Column 1 **Type of Expenditure**	Column 2 **Free Standing Estimated Costs**	Column 3 **Ancillary Facility** **Estimated Costs**	Column 4 **Method of Payment**	Column 5 **When Due**	Column 6 **To Whom Payment is to be Made**
Initial Franchise Fee (1)	$40,000	$30,000	Lump Sum	At signing of Franchise Agreement	QSL
Development Fee	$20,000	N/A	Lump sum	At signing of Development Agreement	QSL
Owner - Training (2)	$2,000 to $10,000	$2,000 to $10,000	As incurred	As incurred	Wages, Travel and Living expenses of owner
Management Team – Pre- Opening Training (3)	$30,000 to $50,000	$10,000 to $20,000	As incurred	As incurred	Wages, Travel and Living expenses of managers
Pre-Opening and Post Opening New Restaurant Opening Assistance (4)	$20,000 to $50,000	$15,000 to $30,000	As incurred	As incurred	QSL
Real Estate (5)	Note 5	Note 5	Note 5	Note 5	Note 5
Building and Site Improvements (6)	$525,000 to $1,400,000	$100,000 to $500,000	As incurred	As incurred	
Site Improvements (7)	$100,000 to $400,000	N/A	As incurred	As incurred	Landlord, Contractors
Equipment (FF&E) (8)	$300,000 to $900,000	$175,000 to $300,000	As incurred	As incurred	Vendors
Décor & Memorabilia (9)	$60,000 to $150,000	$25,000 to $50,000	As incurred	As incurred	Vendors
Opening Inventory (10)	$35,000 to $45,000	$7,500 to $12,500	As ordered	As incurred	Suppliers, Affiliate
Prepaid Expenses (11)	$25,000 to $35,000	$25,000 to $40,000	As incurred	As incurred	Suppliers, Insurance Agents, Utilities, etc.
Soft Costs (12)	$60,000 to $200,000	$20,000 to $50,000	As incurred	As incurred	Contractors, Suppliers
Computers (13)	$40,000 to $100,000	$20,000 to $40,000	As incurred	As incurred	Vendors, Suppliers
Liquor License (14)	Note 13	Note 13	Note 13	Note 13	Note 13
Pre-Opening Marketing Material Package (15)	$4,000 to $6,000	$4,000 to $6,000	Lump Sum	As incurred	Vendors

Column 1 **Type of Expenditure**	Column 2 **Free Standing Estimated Costs**	Column 3 **Ancillary Facility** **Estimated Costs**	Column 4 **Method of Payment**	Column 5 **When Due**	Column 6 **To Whom Payment is to be Made**
Additional Funds – 3 months (16)	$75,000 to $150,000	$30,000 to $75,000	As incurred	As incurred	Employees, Suppliers, Utilities, Landlord
Grand Opening Marketing Expenses	Minimum of $10,000	N/A	As incurred	As Incurred	Various Vendors
TOTAL	$1,346,000 to $3,566,000	$463,500 to $1,163,500			

Free Standing or Ancillary Facility Notes:

1. All payments which you make directly to us are nonrefundable under any circumstance. This may or may not be true for payments made to third parties.

2. You must attend and successfully complete, to our satisfaction, a three day Owner Orientation training program with time spent at the Support Center and a certified training Restaurant.

3. If you are directly involved with the day-to-day operation of your Restaurant or are general manager of your Restaurant, you must attend and successfully complete, to our satisfaction, an eight week initial training program. Your Management Team (as defined in Item 11 of this disclosure document) must attend and successfully complete, to our satisfaction, a six to eight week initial training program, depending on experience level and the approval of QSL. Although QSL bears all of its own costs associated with the initial training program for your management, you must pay all wages, costs of travel, lodging and other living expenses incurred by you and your personnel in attending the initial training programs. The actual cost depends on how many people are trained, their wages, whether you are one of them, and the cost of travel, lodging and meal per diem for the trainees.

4. You must pay us the cost of transportation, which includes airfare and rental vehicles, or mileage when personal vehicles are used, meal per diem for all trainers, and single-occupancy lodging for each of our employees at a hotel approved by QSL, which shall include refrigerators and microwave ovens, for employees providing pre-opening and post-opening training and assistance.

5. We cannot estimate your initial investment for acquiring or leasing real estate for the Restaurant; however, the following factors will bear on these costs. If you do not already own adequate Restaurant space, you will have to purchase or lease land and a building for the Restaurant. The cost of commercial land or restaurant space, whether you lease or buy, varies considerably depending upon the location, entitlement requirements, and conditions affecting the local market for commercial property. Security deposits should not exceed an

average of two months' rent. The cost of land (if purchased) varies depending upon the location and condition of the property and we cannot estimate the cost of purchasing land.

6. Your actual costs cannot be estimated with complete accuracy. Depending on the size of the building, which options you choose, and the area in which the unit will be located, the costs could vary greatly. Labor and material costs incurred in building construction may vary significantly depending on the availability of labor, prevailing labor rates for skilled and unskilled labor, and other factors which may vary from market to market. If you are converting an existing building to a QSL Restaurant, you must provide existing floor plans and elevations. We will consult with a design company and/or architect, selected by us, to revise the existing floor plans and elevations for the proposed Restaurant to our specifications. You will be charged a $5,000 conversion design fee in connection with these services.

7. The costs of site improvements may vary considerably. The precise amount will depend upon a number of variables, including the condition of the land to be improved, the size of the property and construction costs prevailing in the area where the Restaurant will be constructed. There will not be any site preparation costs for most Ancillary Facilities.

8. You have the option of purchasing approved equipment or leasing equipment, which will extend your equipment costs over a period of time.

9. Decorations, particularly automobiles, trucks and/or motorcycles, vary greatly in cost, depending on which decorations are selected. They can be either purchased or, in some cases, leased. If you lease, it will extend your payments over time.

10. This estimate reflects the estimated cost of opening inventory you purchase from suppliers and/or our affiliate; including the purchase of your initial inventory of our proprietary sauces.

11. This estimate includes the costs of your security deposits, insurance and utilities. Again, these are only estimates and will vary depending on the area. This does not include the cost of a liquor license or "impact fees" imposed by local municipalities, if any. (See Note 14 for information on the cost of a liquor license).

12. This estimate includes building permit, TAP fees, engineers, reimbursables, Phase 1, Alta survey and other surveys, construction management services, other consultants, professional services, and more.

13. Among the computers for your Restaurant you will need POS, KDS, office computer, surge protectors, battery backups, software, data cabling, and other systems.

14. We cannot estimate the amount necessary to obtain a liquor license. This amount varies greatly depending on the licensing authority involved and the local liquor license resale market, if any. You should be aware that in some states and jurisdictions the cost to obtain a liquor license can run between $5,000 to $400,000 or more.

15. QSL will coordinate a pre-opening marketing collateral package for the franchisee with vendors. The coordination process will begin approximately 120 days from opening. The package includes, but is not limited to all four-walls marketing materials and designated structures. All items within the package adhere to the QSL Marketing Brand Standards. The package cost and elements are paid by Franchisee and may fluctuate, depending upon current Brand Standards. Any costs or element changes will be communicated to the franchisee prior to implementing.

16. This estimates your initial start-up expenses. Operating cash flow from normal operations may fund cash expenditures needed for food, beverage, labor costs, expenses for supplies, rent, utilities, taxes and other expenses but do not include amortization, depreciation, and the cost of debt service. These amounts are affected by sales volumes, pay rates, number of employees, etc. These figures are estimates and QSL cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as your management skill, experience and business acumen, competition, local economic conditions, the local market for the product, the local market for real estate, the prevailing wage rate, and the sales level reached during the initial period. These estimates are based on the experience of our company-owned Restaurants.

YOUR ESTIMATED INITIAL INVESTMENT FOR

AREA DEVELOPMENT AGREEMENT

Column 1 **Type of Expenditure**	Column 2 **Amount[1]**	Column 3 **Method of Payment**	Column 4 **When Due**	Column 5 **To whom Payment is to be Made**
Initial Development Fee (Note 1)	$20,000 multiplied by number of Restaurants you agree to develop	Lump sum	Upon Execution of the Area Development Agreement.	QSL
Initial Franchise Fee	$40,000 for the first Restaurant to be developed	Lump sum	Upon Execution of the Area Development Agreement	QSL
Total Estimated Initial Investment – Multiple Units	$60,000 for the first Restaurant to be developed plus and additional $20,000 for each additional Restaurant			

Note 1. The area development fee is payable to QS&L and is more fully described in Item 5. We require you to sign an Area Development Agreement for one or more Restaurants.

All of the fees described above are non-refundable under any circumstance.

The ranges and categories of expenses listed on the tables above in this Item 7 are based solely on the experience of our company-owned Restaurants. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure the high standards of quality and service maintained in the Restaurant, you must operate the Restaurant in strict conformity with the standards and specifications we provide in the Manuals or otherwise in writing. You must continually maintain in sufficient supply and use and sell only food and beverage products, ingredients, materials, supplies and other goods that meet our standards and specifications, including products specified by us by name or brand.

The standards and specifications we provide to you may include any or all of the following:

1. Types, models and brands of required building components, fixtures, kitchen equipment, furniture, other equipment (including the Computer System and other point-of-sale equipment), furnishings, food and beverage products, ingredients, menu items, food preparation, signage, employee clothing, uniforms, stationary, forms, and advertising materials;

2. Proprietary products that you must use or offer at the Restaurant;

3. Other products and supplies we require for sale or use at the Restaurant;

4. Inventory requirements for food and beverages and other items;

5. Designated and approved suppliers (including and/or limited to us or our affiliates); and

6. Signage and décor items.

All menu items must be prepared in strict compliance with our recipes and procedures. You may not deviate from these standards and specifications or use unapproved items or vary our recipes in any manner, without obtaining our written consent. You must sell and offer for sale only approved menu items. You must offer for sale all menu items, products and services in compliance with standards and procedures we require for dine-in, carry out or catering services. We may modify our standards and specifications and approve menu items as we determine in our sole discretion.

You must use in the construction and operation of your Restaurant only those types of construction and decorative materials, fixtures, equipment, furniture and signs that we have approved as meeting our specifications and standards for appearance, function and performance. We develop the specifications and standards in our sole discretion. Approved types of materials, fixtures, equipment, furniture, supplies and signage are communicated to you in the prototype architectural plans for a Restaurant and the Purchasing Manual and otherwise in writing.

APPROVED SUPPLIERS

In order to maintain the quality and uniformity of all food products, menu items, ingredients, fixtures, furnishings and equipment utilized in the QSL System, you must purchase all food products, ingredients, condiments, fixtures, furnishings, equipment, décor items and signage from any supplier approved or designated by us in writing. We or our affiliates may be designated as an approved or the sole approved supplier of food and related products and services, in our sole discretion. We will provide a list of approved suppliers and approved food products, ingredients and condiments, including designation by brand and our standards and specifications of specific food products, in the Manuals or otherwise in writing. We may revise this list as we determine, in our sole discretion. You must comply with all required purchases of food products from approved suppliers in conformity with our standards and specifications.

We have the absolute right to limit the suppliers with whom you deal. We may restrict your sources of products, including food and beverage items, and other items and services now and in the future, in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms and delivery service, control usage of the Licensed Marks, and monitor the manufacture, packaging, processing and sale of these items and all food and beverage products. If we, at our option, limit the sources of certain products, services and items to us, or to our affiliates and/or specified exclusive or approved sources, then you must acquire these products, services and items only from these approved sources at prices we or they decide to charge. Any purchases you make from us or from our affiliates, whether required or voluntary, may be at prices exceeding our cost. Approved food products, beverage items, ingredients and condiments may be designated by brand and/or by our standards and specifications.

We have and may continue to develop certain products and ingredients for the QSL System which are proprietary to the QSL System and which may be identified by the Licensed Marks. In order to maintain the quality and uniformity of the production and the significance of such products in the QSL System, it will be mutually beneficial for us to control the production and distribution of such products. If such products become a part of the QSL System, you will use only our proprietary recipes and you must purchase proprietary sauces, mixes and marinades and other products utilizing the Licensed Marks solely from us, or from our affiliates or from a single supplier we designate, in our sole discretion.

If you propose to purchase any unapproved type of food item, ingredient, condiment, construction or decorating material, fixture, equipment, furniture, signage or any other items from any supplier or any item which has not been specifically approved by us in writing, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings and/or other information or samples for us to determine whether the type of food item, ingredient, condiment, construction or decorating material, fixture, equipment, material, furniture or signage complies with our specifications and standards, and/or the supplier meets our approved supplier criteria, which determination will be made and communicated in writing to you within a reasonable time after receipt of the information from you or from the proposed supplier. We will, within 30 days of receipt of a completed request and completion of the evaluation and testing, notify you in writing of our approval or disapproval of the supplier and/or the proposed product, supplies, or equipment. You must reimburse us for our costs in reviewing and testing products and suppliers suggested by you upon billing by us. We do not make the criteria for approving suppliers available to you and we do not provide material benefits to you based on your use of designated or approved sources. Supplier approval may depend on product quality, delivery frequency, financial capability, customer relations, concentration of purchases with limited suppliers to get better service and/or a supplier's willingness to pay us or our affiliates for the right to do business with the QSL System. We do not negotiate purchasing arrangements with suppliers on your behalf.

An approved supplier must permit our representative to make inspections of their facilities. You or the approved supplier must make available to us, upon reasonable request, samples of products from approved suppliers during the term of the Franchise Agreement. If a product fails to conform to our specifications, we will revoke our approval of the supplier and you must discontinue using the disapproved supplier. Failure to use approved suppliers or approved products will be a material breach of the Franchise Agreement. The requirement to use approved suppliers applies to food items and non-food items and services, including but not limited to stationery, business supplies, fixtures, equipment, and any other goods used in connection with the Restaurant.

We may derive revenue from the purchase by you of products or services from approved suppliers. We and any of our affiliates have the right to receive payments or other material consideration from suppliers on account of their actual or prospective dealings with our franchisees and to retain or use all amounts of revenue we or our affiliates receive without restriction for any purposes we or our affiliates deem appropriate. We, in our sole judgment, may concentrate purchases with one or more approved suppliers or to obtain lower prices, advertising support, and/or services for the benefit of us or our affiliates, or for any other reason that we deem appropriate. We may establish supply facilities or servicing capabilities owned by us or our affiliates which we may designate as an approved supplier.

For the year ending December 31, 2018, we did not derive any revenue or other material consideration from franchisees or suppliers in connection with required purchases or leases by franchisees. This information is based upon our audited financial statements.

Our affiliate, QSL Operating LLC, is the exclusive provider of certain gift card supplies and services which are purchased by franchisees. QSL Operating LLC sells these supplies at cost. QSL Operating charges franchisees a 2% Gift Card Program Agreement service fee upon the redemption of QSL branded gift cards (the "Service Fee"). The amounts received by QSL Operating LLC in connection with the Service Fee are offset by a 5% commission that QSL Operating LLC pays to franchisees upon the activation of the QSL branded gift cards. For the year ending December 31, 2018, QSL Operating LLC did not recognize any revenue in connection with gift card supplies or services. QSL Operating LLC does not receive any material consideration from third party suppliers.

Our affiliate, TA Operating receives certain material consideration in connection with required purchases by franchisees from third party suppliers. TA Operating is also the sole approved supplier of proprietary sauces and seasonings and it derives revenue from the sale of required proprietary sauces and seasoning ingredients sold to you. For the year ending December 31, 2018, TA Operating received $299,279 in revenue from required purchases by franchisees. This information is based upon the audited financial statements of TA Operating. Apart from proprietary sauces and seasonings and certain gift card services, neither we nor any of our Affiliates is the sole supplier of products or services. None of our officers owns an interest in a supplier, except that our officers own stock in TA, which is a parent of TA Operating.

You must purchase your soft drink concentrate from the approved supplier we designate. We have the right to change the designated soft drink beverage supplier at any time, and, upon 30 days' written notice from us, you will be required to use the new designated soft drink beverage supplier.

In the future, we may consolidate some of these approved suppliers. We or our Affiliates may derive revenue from the sale of products and services to franchisees from approved suppliers, which is generally in a range of 0% to 5% of the purchase price of such products and services. We estimate that the percentage of the required purchase of products and services in relationship to all purchases in establishing the Restaurant is 75% to 90%. In the operation of your Restaurant, we estimate that the percentage of the purchase of products and services from approved suppliers is approximately 30% to 40% of your total operating costs.

Other than as described above, we do not provide any material benefits to you based on your use of designated or approved suppliers.

ADVERTISING MATERIALS

All advertising, promotional, marketing and public relations materials, signs, decorations, paper goods (including menus and all forms of stationery used in the Restaurant) and other items we designate must bear the Licensed Marks in the form, color, location and manner we prescribed, as outlined in the Marketing & Public Relations Manual. All advertising, promotional, marketing and public relations materials utilized by you must be approved by us in writing before your use. You must submit advertising materials to us at least 15 days prior to their intended use.

INSURANCE

You must obtain and maintain insurance coverage in the types and amounts specified in the Franchise Agreement or in the Operations Manual or as otherwise communicated to you in writing. We currently require you to maintain the following insurance: (a) comprehensive, public and product liability insurance against claims for bodily and personal injury, liquor liability (dram shop), product liability, advertising injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant; (b) general casualty and property insurance including fire and extended coverage, lost income, vandalism and malicious mischief insurance with a full replacement value of your inventory and contents of your Restaurant, covering such risks as are covered in the Standard Extended Coverage Endorsement; (c) comprehensive motor vehicle insurance (including personal injury protection and uninsured motorist protection) for any motor vehicles operated by you or your personnel in connection with the operation of the Restaurant; (d) business interruption insurance, and business income insurance in the amount of $1,500,000, and assault and battery liability coverage of $300,000 per occurrence and $300,000 annual aggregate; (e) workers' compensation in the amounts required by applicable law for your Restaurant; (f) such other insurance as is required under any financing document (if any) for the Restaurant or any lease for the premises of the Restaurant, including the lease and any loan documents; and (g) such other insurance as we may specify from time to time due to identification of risks and available coverages.

COMPUTER HARDWARE AND SOFTWARE

You must obtain and specifically use the NCR (National Cash Register) Aloha® Point of Sale and Aloha® Kitchen Display (KDS) computer systems in your Restaurant, which are IBM computer-based point-of-sale cash register and kitchen systems. We reserve the right to change the designated vendor of the Computer System at any time.

PURCHASING ARRANGEMENTS

There are currently no purchasing or distribution cooperatives. We do not currently, but may in the future, negotiate purchasing arrangements with suppliers which may include price and terms for the benefit of the franchise system.

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 franchise disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable in Area Development Agreement Franchise Agreement Sections 4.1, 4.3, and 4.4	Items 8 and 11
b. Pre-opening purchases/leases	Not applicable in Area Development Agreement Franchise Agreement Sections 4.3, 7.4, 7.5, 7.6, 7.8, and 13.3	Items 7 and 8
c. Site development and other pre-opening requirements	Not applicable in Area Development Agreement Franchise Agreement Section 5.1	Items 7, 8, and 11
d Initial and ongoing training	Not applicable in Area Development Agreement Franchise Agreement Sections 6.2 and 6.3	Items 5, 6, 7 and 11
e. Opening	Area Development Agreement Section 1.3 Franchise Agreement Section 5.2	Items 5, 7, 11
f. Fees	Area Development Agreement Section 2	Items 5, 6 and 7

Obligation	Section in Agreement	Disclosure Document Item
	Franchise Agreement Sections 9 and 13	
g. Compliance with standards and policies/ operating manual	Area Development Agreement Section 3 Franchise Agreement Section 7	Items 8 &11
h. Trademarks and proprietary information	Area Development Agreement Section 4 Franchise Agreement Sections 10 and 11	Items 13 and 14
i. Restriction on products/services offered	Not applicable in Area Development Agreement Franchise Agreement Sections 7.4 through 7.6	Items 8, 11 and 16
j. Warranty and customer service requirements	Not applicable in Area Development Agreement Franchise Agreement Section 7.2	Item 11
k. Territorial development and sales quotas	Area Development Agreement Section 1 Franchise Agreement Sections 3.3 and 3.4	Item 12
l. Ongoing product/service purchases	Not applicable in Area Development Agreement Franchise Agreement Sections 7.4 through 7.8	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Not applicable in Area Development Agreement Franchise Agreement Sections 7.3, 16.3, and 17.2	Items 11 and 16
n. Insurance	Not applicable in Area Development Agreement Franchise Agreement Section 8	Items 6, 7 and 8
o. Advertising	Not applicable in Area Development Agreement Franchise Agreement Section 13	Items 6, 7 and 11
p. Indemnification	Area Development Agreement Section 9.2 Franchise Agreement Section 20.6	Items 6 and 13
q. Owner's participation/ management/staffing	Not applicable in Area Development Agreement	Items 11 and 15

Obligation	Section in Agreement	Disclosure Document Item
	Franchise Agreement Section 7.10	
r. Records/reports	Not applicable in Area Development Agreement Franchise Agreement Section 14	Item 11
s. Inspection/audits	Not applicable in Area Development Agreement Franchise Agreement Section 15	Items 6 and 11
t. Transfer	Area Development Agreement Section 5 Franchise Agreement Section 16	Items 6 and 17
u Renewal	Not applicable in Area Development Agreement Franchise Agreement Section 17	Item 17
v. Post-termination obligations	Area Development Agreement Section 8.1 Franchise Agreement Section 19	Item 17
w. Non-competition covenants	Area development Agreement Section 8.2 Franchise Agreement Section 19.4	Items 15 & 17
x. Dispute resolution	Area Development Agreement Section 11 Franchise Agreement Section 21	Item 17

ITEM 10

FINANCING

Neither we, nor our parent or affiliates, will provide, directly or indirectly, any financing to you.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

PRE-OPENING ASSISTANCE

Before you open your Restaurant, we or our designee will:

1. Provide you with any current site selection guidelines and any other site selection counseling and assistance we think advisable (Franchise Agreement, Section 4.1).

2. Provide one on-site evaluation and additional on-site evaluations in response to your reasonable request for site approval. We will not provide on-site evaluations for any proposed site before we receive the required information and materials concerning the proposed site. If we determine that additional on-site evaluations are necessary, or you reasonably request additional evaluations, we reserve the right to charge you for our reasonable expenses incurred with the additional on-site evaluation, including the cost of travel, lodging, meal per diem and wages (Franchise Agreement, Section 4.1).

3. Provide one set of Development Plans, which must be adapted by you for your site (Franchise Agreement, Section 5.1).

4. Provide one set of the Manuals, which we may revise during the term of the Franchise Agreement (Franchise Agreement, Section 7).

5. Provide a list of Approved Suppliers, Proprietary Supplies, and Approved Products (Franchise Agreement, Sections 7.4-7.6).

6. Review advertising, promotional, marketing and public relations materials to use in the pre-opening promotion of the Restaurant and approve such materials as we deem appropriate (Franchise Agreement, Section 13.3).

7. Provide pre-opening training as set forth in this Item 11 (Franchise Agreement, Section 6).

POST-OPENING ASSISTANCE

During your operation of the Restaurant, we will:

1. Advise you of operating problems at your Restaurant disclosed by reports submitted or inspections made by us. We will evaluate the Restaurant and the products and services provided to ensure that you maintain the highest standards of quality, service and health and sanitation compliance (Franchise Agreement, Section 6.5).

2. Provide assistance with recommended operating procedures (Franchise Agreement, Section 6.5).

3. Provide assistance with Restaurant evaluations (Franchise Agreement, Section 6.5).

4. Provide assistance with selections of additional food products and menu items authorized for Restaurants (Franchise Agreement Section 6.5).

5. Provide assistance with purchasing proprietary supplies, materials, and services (Franchise Agreement, Section 6.5).

6. Provide assistance with advertising, marketing, public relations, and promotional programs, as set forth in this Item 11 (Franchise Agreement, Section 6.5).

7. Provide assistance with procedures for administration, bookkeeping, inventory control, sales, and general operating (Franchise Agreement, Section 6.5).

8. Provide assistance with selection of approved suppliers, as we deem appropriate (Franchise Agreement, Section 6.5).

9. Coordinate an annual meeting for franchisees, at our discretion. You will be responsible for attending, along with your general managers (at least one per Restaurant), at your expense. (Franchise Agreement, Section 6.5).

10. Provide to you during the term of the Franchise Agreement with any amended or revised versions of the Manuals (Section 7.1 and 7.3).

We may suggest retail pricing for the products, merchandise and services offered by your Restaurant. We also reserve the right, to the fullest extent permitted by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you charge for products, beverages, merchandise or services. If you sell any products, beverages, services or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that the recommended or required price will enhance your sales or profits.

SITE SELECTION

You must select a site for your Restaurant that meets our approval criteria. We do not select a site for you. Our criteria for approving a site may include demographic characteristics, traffic patterns, parking, competition from and proximity to other businesses and other Restaurants, and other commercial characteristics, as well as the size, appearance, and other physical characteristics of the proposed site and any other factors or characteristics that we consider appropriate. If you and we are unable to agree on a site or you have not obtained a fee interest in, or a fully signed lease agreement for, an approved site, within 90 days of executing the Franchise Agreement, we may terminate the Franchise Agreement.

ADVERTISING, MARKETING, AND PUBLIC RELATIONS

QSL will administer a QSL Ad Fund (the "QSL Ad Fund"). You must contribute .75% of your Gross Sales to the QSL Ad Fund. We may increase this amount by up to 2.25% (to a total of 3%) upon thirty days written notice. Amounts paid in excess of 1% will be credited to your Local Advertising and/or Cooperative contribution requirements. QSL directs all QSL Ad Fund programs, with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all advertising, marketing and public relations materials. QSL has the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of advertising, marketing and public relations programs. The QSL Ad Fund's programs and activities are intended to maximize the public's awareness of all QSL Restaurants, and QSL is under no obligation to ensure that you or any other franchisee benefits directly or pro rata from the placement of such advertising, marketing and public relations programs and activities. The QSL Ad Fund may be used to meet all costs and expenses related to the following programs and activities (Section 13 of the Franchise Agreement):

(i) Maintaining, administering, directing, preparing and producing national, regional or local advertising materials, programs and public relations activities, including, without limitation, the cost of preparing and conducting television, radio, direct mail, magazine, billboard, newspaper, email, text messages, other digital programs, Internet, point of purchase and other media programs and activities;

(ii) Employing advertising and marketing agencies and consultants, and utilizing our administrative personnel to perform advertising, marketing and public relations services;

(iii) Creative development, production and placement of video, audio and written materials, promotional brochures and advertising materials, including point of sale materials, and electronic media, for Restaurants and to regional and local advertising cooperatives;

(iv) Conducting market research, testing and development of new products, services and equipment, for customer satisfaction surveys and for secret shopper programs;

(v) Reimbursement of our administrative and personnel costs and salaries and overhead associated with advertising, marketing, telemarketing, public relations, market research, product and new menu item development and testing, and payment for consultants providing services in menu and product development, customer satisfaction, guest loyalty, consumer research and any expenses related thereto;

(vi) Creative development and production of menus, signage, posters and décor items;

(vii) Development and distribution of the "Marketing & Public Relations Manual";

(viii) Annual or semiannual System marketing meetings and for annual franchisee convention costs;

(ix) Development, implementation and maintenance of website, for social media costs and expenses;

(x) Public relation and community activities and programs;

(xi) Website, extranet and/or internet development and maintenance; and

(xii) Creative development and production of materials for marketing programs to be used as a test that may result in a System-wide roll out.

We may spend in any fiscal year an amount greater or less than the aggregate contributions by franchisees to the QSL Ad Fund in that year and we may make loans to the QSL Ad Fund.

The media in which advertising may be disseminated includes, without limitation, print, point of purchase, radio, television, direct mail, electronic, billboard, internet and other viral channels of communication. Other channels may be considered at our sole discretion. The media coverage may be local, regional or national. The source of the advertising is in-house advertising and marketing personnel, and one or more local advertising agencies and free-lance artists. You may use your own advertising material subject to submission to us and approval by us in writing of the content.

For the year ending December 31, 2018, we spent 40.8% of the QSL Ad Fund on production costs, 41.4% of the QSL Ad Fund on media placement, 16.9% of the QSL Ad Fund on administrative expenses, 0.9% of the QSL Ad Fund on consumer research and charitable contributions.

We will account for the QSL Ad Fund separately and it will not be used to defray any of our general operating expenses, except for salaries, administrative costs and overhead we may incur in activities related to the administration or direction of the QSL Ad Fund and its programs and activities as outlined above, and for collecting and accounting for contributions to the QSL Ad Fund. We will prepare an unaudited annual report of the operations of the QSL Ad Fund, which is available to you upon reasonable request (Section 14 of the Franchise Agreement).

Although the QSL Ad Fund is intended to be perpetual, we may terminate the QSL Ad Fund at any time in our sole discretion. The QSL Ad Fund will not be terminated until all monies paid to the QSL Ad Fund have been expended for the activities of the QSL Ad Fund.

We will make available advertising and marketing materials, direct mail materials, merchandising materials, sales aid, point of sale materials, special promotions, direct mail materials and similar advertising and marketing materials, promotional materials and public relations materials, which may be produced by the QSL Ad Fund for purchase by you and by local or regional advertising cooperatives.

We do not have an advertising council that advises us on advertising policies.

Local or Regional Advertising Cooperative.

We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing an advertising cooperative (the "Cooperative"). The members of the Cooperative for any area will consist of all Restaurants whether operated by us, our affiliates or by franchisees. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. We have the right to dissolve, merge, or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purpose of administering advertising programs and public relations activities, subject to our approval for use by the members of the Cooperative. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. Contributions to the Cooperative will be credited to your obligation to spend a minimum of 3% of Gross Sales on local advertising. You must contribute to the Cooperative amounts the documents governing the Cooperative require. You will not have to contribute more than 3% of your Gross Sales during each week to the Cooperative. Contributions made by you to the QSL Ad Fund that exceed 1% of the Restaurant's weekly Gross Sales are credited to your required contribution to the Cooperative.

Local Advertising.

In addition to the contributions to the QSL Ad Fund, you agree to spend a minimum of 3% of Gross Sales on local advertising and public relations activities designed to publicize the operation of the franchised business in your market. You will provide us with an accurate accounting of the advertising expenditures, public relations and marketing expenses on a quarterly basis. If your expenditures for local advertising and public relation activities do not total a minimum of 3% of Gross Sales annually you must remit the amount of the deficiencies to us for deposit to the QSL Ad Fund.

Advertising Approval.

You must submit to us for prior approval, samples of all advertising, promotional, marketing and public relations materials not prepared or previously approved by us. You may not use any advertising or promotional materials that have not been approved by us in writing (Franchise Agreement Section 13).

COMPUTER SYSTEMS

You must purchase a specific point of sale computer hardware, software and cash register system. We may require you to install and maintain equipment meeting our suggested standards that permit us to receive and retrieve by telecommunication or other methods any information stored on the system. Currently, the computer hardware and software system is required because of its payroll capabilities and its ability to compute sales and product mix. We have the right to inspect these sales and cash register receipts and other sales information upon at least two days advance notice to you. We have access to the information on your point of sale computer and we may collect such data as we determine to review the operations and performance of your Restaurant. We may use this information in our franchise marketing materials as we determine, in our sole discretion.

We may require you to obtain certain software and network services from the third party providers. These services may include, but are not limited to, providing and managing network equipment, providing information security services, and providing PCI and other compliance services.

We also require you to license specific software programs that will better enable us to assist you in tracking food sales, food costs and to compile sales data and which will allow us to retrieve sales information from your Restaurant. We will require you to purchase specific services necessary to install the software and to purchase or lease equipment necessary to make the hardware and software functional (such as modems, cables, etc.) as well as all new or upgraded versions of the cash register and software without limit to cost or frequency. We will have independent access to this data to better assist you in the operation of your Restaurant, and to insure your compliance with the Franchise Agreement.

You must obtain and specifically use the NCR (National Cash Register) Aloha® Point of Sale and Aloha® Kitchen Display (KDS) computer systems in your Restaurant, which are IBM computer-based point-of-sale cash register and kitchen systems. The Computer System will generate reports on your sales and expenses of the Restaurant and currently costs approximately $55,000 to $75,000. You will be solely responsible for the acquisition, operation, maintenance and upgrading of the Computer System. The cost to you for the required ongoing software upgrades, hosting fees, and 24/7 level 1 Help Desk Support is approximately $8,000 per year, per

Restaurant. We, nor any affiliates or any third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. We reserve the right to change the designated vendor of the Computer System at any time. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Hardware Computer System, but we reserve the right to do so in the future. The future annual cost of a service contract is approximately $2,500.

You must have a functioning email address so that we can send you notices and otherwise communicate with you by this method.

You must be Payment Card Industry (PCI) Data Security Standard (DSS) compliant and remain compliant at all times. You must submit the necessary documentation at least every calendar year to prove your compliance per our QSL® System Standards. We have the right to request proof of your PCI DSS compliance at any time.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities concerning this software or technology. We or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the term of the Franchise Agreement.

You must comply in all respects with the information security standards set forth in the QSL System Standards. We have the right to complete an initial security review, including, but not limited to a risk assessment questionnaire. If a risk assessment questionnaire is requested, you must provide back answers within a reasonable timeframe, but no more than 20 calendar days from the date of our request. We reserve the right to periodically perform security reviews. If any security review identifies any deficiencies, you will, at your sole cost and expense, promptly take all actions necessary to remediate those deficiencies. You will inform us with 48 hours of detecting an actual or suspected security incident, as defined as the act of violating an explicit or implied security policy or security requirement. You will inform us within 24 hours of detecting an actual or suspected security breach, as defined as a security incident that results in unauthorized access of data, applications, services, networks, and/or devices. In the event of a security incident or security breach, you will fully cooperate and provide us the necessary information and resources to perform a thorough investigation.

CAPITAL IMPROVEMENTS

We may periodically modify QSL System Standards, obligating you to invest additional capital in the Restaurant ("Capital Modifications") and/or incur higher operating costs. The Capital Modifications may include, among other things, changes to the Licensed Marks, the Restaurant facade and structure, Operating Assets, the Menu Items and Products to be offered at the Restaurants, interior specifications and equipment. You must comply with these changes to QSL

System Standards within 60 days unless the Capital Modifications will be greater than $25,000 in which case you will have four months to comply. In addition to the Capital Modifications referenced above, we may require you to refurbish your Restaurant. We will not require a refurbishment more than once every five years and we estimate that the total cost of the refurbishment will not exceed $250,000.

MANUALS

We loan you a copy of the Manuals, which contains mandatory (and suggested) standards, specifications and operating procedures for Restaurants and information relative to your obligations. The Manuals may consist of one or more handbooks or manuals, and other written, video or audio materials for the QSL System. The Manuals and the requirements and standards set forth therein may be revised by us at our sole discretion to reflect changes in products, services, specifications, standards, and operating procedures. No revisions to the Manuals, however, will alter your fundamental status and rights under the Franchise Agreement. The Manuals are confidential and remain our property. You must keep one copy of the Manuals current and the master copy of the Manuals we maintain at our principal office controls if there is a dispute relative to the contents of the Manuals. The tables of contents of the Manuals are attached as Exhibit F.

TRAINING

We will provide you with a three day orientation for you or your owners. Orientation is mandatory and consists of senior management orientation at our Support Center in Lodi, Ohio and hands-on training in one of Franchisor's Regional Development Centers. Franchisee must complete this orientation prior to the opening of the first Restaurant.

We will provide you with an initial training program on the operation of the Restaurant which you or your Representative and your Management Team (which must consist of 5 to 7 salaried and/or hourly supervisors including a general manager, a kitchen manager, a bar manager, and 2 to 4 other managers which can include an assistant general manager, an assistant kitchen manager, or a front of house manager), must attend and successfully complete, to our satisfaction. The size of your Management Team is based on the size of your Restaurant, sales volume, Management Team competencies, and our approval. We also require you to have a trained and certified MAC (Marketing Activity Coordinator) who works a minimum of 20 hours per week but is recommended to be a full time position. No fee is charged for the initial training program; however, you will be solely responsible for the compensation, travel, lodging and living expenses you incur regarding attendance at the initial training program or at any supplemental or refresher training programs. The training program consists of classes conducted at our offices or at other designated locations and on-the-job training furnished at a certified Restaurant.

You must provide us at least one month's notice before you wish to attend the initial training program. If at any time during the initial training program, it appears to us that a proposed manager is not able to complete the training to our satisfaction, the proposed manager will be removed from training and you must designate a successor manager who must attend and successfully complete, to our satisfaction, the initial training program. Your Management Team must attend and successfully complete, to our satisfaction, the initial training program at least 30 days before the opening of your Restaurant. If we determine, at our sole discretion, that the training was not successfully implemented, we can require you and your Management Team to attend additional training at your expense until we are satisfied that the training is successful.

The initial training program includes instruction relating to the operation of the Restaurant, understanding the equipment and product usage, food preparation, recipes, cost and cash control, customer service, scheduling, inventory control, and methods of controlling operating costs. We will utilize the operations and training staff in our initial training program. Our Director of Training will oversee all training programs.

The outline for the six to eight week manager training programs is as follows:

Column 1 **Subject**	Column 2 **Hours of Classroom Training (all days are 9-10 hour days)**	Column 3 **Hours of On-the-Job Training (all days are 9-10 hour days)**	Column 4 **Location ***
Orientation	1 day		Lodi, OH, or other certified training locations
Kitchen Training	12 days		Lodi, OH, or other certified training locations
Host/Server Training	5 days		Lodi, OH, or other certified training locations
Bar Training	5 days		Lodi, OH, or other certified training locations
Kitchen Manager Function	6 days		Lodi, OH, or other certified training locations
Manager on Duty (Opening Shifts)	6 days		Lodi, OH, or other certified training locations
Manager on Duty (Middle Shifts)	6 days		Lodi, OH, or other certified training locations
Manager on Duty (Closing Shifts)	6 days		Lodi, OH, or other certified training locations
Final Testing & Meetings with Department Heads	3 days		Lodi, OH, or other certified training locations

*Certified Training Locations may vary and will be determined at the time of scheduling training for each new restaurant.

The outline for the three day Owner Orientation is as follows:

Column 1 **Subject**	Column 2 **Hours of Classroom Training**	Column 3 **Hours of On-the-Job Training (all days are 9-10 hour days)**	Column 4 **Location**
DAY 1			
• MIT Training • Pre-shift meeting & Food demo • MAC overview • Ecosure overview • Kitchen tour • Front of House Position overview • TRACS Direct • Financials • Maintenance Program • RTI • Brand Standards Inspection • AYCE Overview both FOH and HOH • Heart of House position Overview		10	Lodi, OH, or other certified training locations
DAY 2			
• Culture & Mission Statement overview • Accounting overview • Marketing • MAC/MACRO Program • Development • Company restaurants • Sauce Program • Brand Standards • Exception process • SMG overview • NRO Process • FAC • Franchise Conference • Franchise Support & Programs • P&L Sharing Program	8.5		Lodi, OH, or other certified training locations
DAY 3			
• Training • Perfect Wing • Technology & IT • Online Ordering • Purchasing • Beverage Program & Process • Food including Menu Process • Operations	8.5		Lodi, OH, or other certified training locations

We have the right to require that you and any manager or assistant manager attend, and successfully complete, to our satisfaction, supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at a time and place QSL designates. We have the right to require that your Management Team or employees undergo additional training as we required in our sole discretion. We have the right to assess you our then-current fees for such training and to assess you reasonable charges and expenses, regardless of whether the training is required by us or requested by you (Franchise Agreement, Section 6).

The primary trainers in the eight week initial training program are the Support Center Certified Training Staff.

The primary trainers in the three day additional training for managers are the Support Center Certified Training Staff.

Chad Setera., our Director of Training, is responsible for overseeing all training activities. Mr. Setera is currently Director of Training for QSL, having served in that capacity since November 2018. Previously, Mr. Setera was Manager of Retail and Restaurant Training from 2014 to 2018. Deborah Shelton is our Manager of Retail and Restaurant Training. She has over 20 years of experience with TA Operating.

If the Restaurant you are opening is your fourth or subsequent Restaurant, you must conduct the initial training program at your certified training Restaurant established by you and certified by us. The initial training program must be conducted by you in compliance with our requirements and specifications. You must establish a Restaurant as your training Restaurant within 120 days from the opening of your third Restaurant. In addition, we will assess your training needs on an on-going basis and provide you with written reports of our assessment of your training needs. Based on our assessment of your training needs, we may require your Restaurant managers to attend and successfully complete, to our satisfaction, the initial training program then offered by us to new franchisees for their initial Restaurant.

TIME FOR OPENING

We estimate that the time from when you sign the Area Development Agreement and Franchise Agreement for your first Restaurant to the opening of your first Restaurant will be approximately 8 to 18 months. This time may vary based on the specific circumstances of your Restaurant and depending upon the time necessary to obtain an approved site, to obtain financing and to obtain the permits and licenses for constructing and operating your Restaurant.

ITEM 12

TERRITORY

AREA DEVELOPMENT AGREEMENT

1. Size of Development Area

The Area Development Agreement grants you certain rights to open one or more Restaurants (as described below) within a designated geographic area (the "Development Area") to be described in Exhibit A attached to the Area Development Agreement. The size of the Development Area may be a single or multi-county area, single state area or some other area. We will determine the Development Area before you sign the Area Development Agreement based on various market and economic factors.

2. Rights During Development Periods

Provided you are (a) in full compliance with the terms and conditions contained in the Area Development Agreement, including the development obligations contained in the Development Schedule and (b) in full compliance with all obligations pursuant to Franchise Agreements entered into between you and us, then during the development periods, we:

(1) will grant to you, in accordance with the provisions of the Area Development Agreement, franchises for the ownership and operation of Restaurants located within the Development Area; and (2) will not operate (directly or through an affiliate), nor grant a franchise for the location of any Restaurant within the Development Area, except what is granted to you, and as outlined in our Reservation of Rights. However, franchisees located outside the Development Area may advertise and offer products or services within the Development Area with prior written approval from QSL.

In the event you do not meet your Development Schedule, and you are otherwise in compliance with the Area Development Agreement, you may request approval from us for not more than three 90 day extensions of the dates Restaurants are to be developed, pursuant to the Development Schedule. You must pay us an extension fee of $10,000 each for the second and third extensions, which is in addition to the development fee and the initial franchise fee. There is no extension fee for the first extension. The extension fee must be paid at the time of your request for the extension. You may only use one 90 day extension for each Restaurant.

3. Development Obligations, Conditions for Continuation of Rights of Exclusivity

During the term of the Area Development Agreement and any extensions, you must at all times faithfully, honestly and diligently timely develop Restaurants within the Development Area in compliance with the Development Schedule (Exhibit B to the Area Development Agreement). You must have open and in operation a certain cumulative number of Restaurants at the end of each development period as a prerequisite to the continuation of the rights of under the Area Development Agreement. The development periods and minimum development standards are determined by us on the basis of the market potential and the size of the Development Area. If you fail to meet the Development Schedule, we reserve the right to terminate your Area Development Agreement.

4. Restaurant Closings

A Restaurant which is permanently closed with our approval after having been opened shall count toward the minimum development obligations if a substitute Restaurant is open and in operation within six months after the date of closing. The replacement Restaurant shall not otherwise count toward the minimum Development Schedule Unit count.

The Development Agreement does not grant you an exclusive territory. You may face competition from other Restaurants that we or our affiliates own or Restaurants owned by other franchisees or from other channels of distribution.

RESERVATION OF RIGHTS UNDER AREA DEVELOPMENT AGREEMENT

In connection with Area Development Agreements, QSL (on behalf of itself and its affiliates) retains the right, in its sole discretion and without granting any rights to developers or to individual unit franchisees:

1. to operate ourselves or grant others the right to operate Restaurants anywhere outside the Development Area on such terms and conditions as we, in our sole discretion, deem appropriate;

2. to sell, and provide products and menu items authorized for sale by Restaurants under the Licensed Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels which are not accessible by a Restaurant (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of your Development Area and pursuant to such terms and conditions as we consider appropriate;

3. to establish, own or operate a Restaurant which uses the Licensed Marks at or adjacent to any Petro, TA or other travel center owned or operated by our Affiliates, both within and outside of your Development Area;

4. to establish, own or operate a Restaurant which uses the Licensed Marks at any fuel or convenience store business owned or operated by our Affiliates, both within and outside of your Development Area;

5. to establish, own or operate, or franchise, license or allow another person to establish, own and operate, any business within the Development Area under any name, mark or trade dress, other than the Licensed Marks;

6. to merge, acquire, enter into a joint venture or otherwise Affiliate with any existing franchise system or business, whether competitive or not;

7. to operate any other franchise system or business for the same, similar or different products and menu items under any name or mark, and to grant franchises and licenses without providing you any additional rights;

8. the right to use any of our Affiliates' resources, including programs, services and personnel, that we deem appropriate in our sole discretion.

You have no options, rights of first refusal, or similar rights to acquire additional franchises under the Area Development Agreement.

FRANCHISE AGREEMENT

The Franchise Agreement grants you the right to operate a Restaurant at a single location that you select and we approve. Exhibit C to the Franchise Agreement will list the specific street address of the approved location. Once a location for the Restaurant is approved by us, it will be set forth in Exhibit C to the Franchise Agreement and we will determine and describe the Protected Area in Exhibit C to the Franchise Agreement. You must operate the Restaurant only at the approved location and may not relocate the Restaurant without first obtaining our written consent. If you qualify, we may, in our sole discretion, grant you the right to open an Ancillary Facility. You may not establish or operate another Restaurant unless you enter into a separate Franchise Agreement for that Restaurant.

If you sign an Area Development Agreement, your approved location for the Restaurant must be within the Development Area granted you by the Area Development Agreement, which will count toward your development obligations under the Area Development Agreement.

The Franchise Agreement grants you a geographic area (the "Protected Area") surrounding the approved location of the Restaurant. The size of the Protected Area varies depending upon demographics, population and commercial development, but generally provides for a 5 mile radius surrounding the location of your Restaurant, but may be substantially reduced in specific metropolitan areas, in our discretion. During the term of the Franchise Agreement, if you are in compliance with the requirements of the Franchise Agreement, we are not permitted to establish any other franchised or company-owned or affiliate-owned Restaurants within the Protected Area except as outlined in our Reservation of Rights. The location of the Restaurant and the size of the Protected Area are identified in Exhibit C to the Franchise Agreement.

The Franchise Agreement does not grant you an exclusive territory. You may face competition from other Restaurants that we or our affiliates own or are owned by other franchisees outside your Protected Area or from other channels of distribution.

RESERVATION OF RIGHTS UNDER FRANCHISE AGREEMENT

In connection with all and Franchise Agreements, QSL (on behalf of itself and its affiliates) retains the right, in its sole discretion and without granting any rights to developers or to individual unit franchisees:

1. to solicit prospective franchisees and grant other persons franchises, or other rights to operate Restaurants through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;

2. to grant licenses or franchises to others to operate Restaurants, or to own and operate Restaurants ourselves or through affiliates anywhere, except your Protected Area (if any);

3. to sell, and provide the products and menu items authorized for sale by Restaurants under the Licensed Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels which are not accessible by a Restaurant (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of

distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;

4. to establish, own or operate a Restaurant which uses the Marks at or adjacent to any Petro, TA or other travel center owned or operated by our Affiliates, within your Protected Area (if any), but only at the mutually agreed upon locations identified on Exhibit C to the Franchise Agreement, which shall be limited to then existing Petro, TA or other travel centers;

5. to establish, own or operate a Restaurant which uses the Marks at any fuel or convenience store business owned or operated by our Affiliates within your Protected Area (if any), but only at the mutually agreed upon locations identified on Exhibit C to the Franchise Agreement, which shall be limited to the then existing fuel or convenience store businesses;

6. to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, an Ancillary Facility at any location whether within or outside of your Protected Area (if any);

7. to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, any business within the Protected Area under any name, mark or trade dress, other than the Licensed Marks;

8. to merge, acquire, enter into a joint venture or otherwise affiliate with any existing franchise system or business, whether competitive or not;

9. to operate any other franchise system or business for the same, similar or different products and menu items under any name or mark, and to grant franchises and licenses without providing you any additional rights;

10. the right to use any of our affiliates' resources, including programs, services and personnel, that we deem appropriate in our sole discretion.

We are not required to pay you if we exercise any of our rights specified above inside your Development Area or your Protected Area.

On the renewal or transfer of a franchise, the territory will not be modified.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

Continuation of your franchise or territory rights does not depend on your achieving a certain sales volume, market penetration or other contingency, with the exception that the rights granted by the Area Development Agreement are contingent upon the timely development of Restaurants pursuant to the Development Schedule.

We may regulate the area in which you may deliver or provide catering of Products and Menu Items and the method of delivery; you may not engage third party delivery services without our consent. We are not required to pay you any compensation for soliciting or accepting orders within your territory.

ITEM 13

TRADEMARKS

QSL grants you the right to operate your business under the service mark QUAKER STEAK & LUBE®. You may also use QSL's other current or future trademarks to operate your Restaurant. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business.

The following table sets forth the status of applications for federal registration with the U.S. Patent and Trademark Office on the Principal Register of those marks licensed to us by TA Operating pursuant to a License Agreement dated April 20, 2016. The terms of the License Agreement grant us a non-exclusive license to use the Licensed Marks. We must inspect the goods and services provided at your Restaurant to ensure your use of the Licensed Marks complies with certain standards of quality required by the Licensor. The term of the License Agreement is coterminous with our Franchise Agreements for the operation of Quaker Steak & Lube Restaurants.

MARK	OWNER	STATUS	SERIAL #	REGISTRATION #	DATE OF REGISTRATION
QUAKER STEAK & LUBE®	TA Operating LLC	Registered	73/186,984	1,130,163	01/29/1980 Renewed 1-29-2010
ONTENNA	TA Operating LLC	Registered	75/596,637	2,285,610	10/12/1999 Renewed 10/12/2009
GOLDEN GARLIC	TA Operating LLC	Registered	76/224,688	2,555,610	04/02/2002 Renewed 4/12/2010
ARIZONA RANCH	TA Operating LLC	Registered	76/224,690	2,544,689	03/05/2002 Renewed
LEADED LUBE-N-ADE	TA Operating LLC	Registered	76/477,950	2,810,118	02/03/2004
THUNDER ALLEY	TA Operating LLC	Registered	76/477,828	2,859,510	07/06/2004
AIN'T NO SECRET IT'S THE SAUCE	TA Operating LLC	Registered	76/477,829	2,771,489	10/07/2003
WING-O-METER	TA Operating LLC	Registered	76/477,830	2,771,490	10/07/2003
PHIL-M-UP	TA Operating LLC	Registered	76/477/951	2,771,492	10/07/2003
BUCKEYE BBQ	TA Operating LLC	Registered	76/477,953	2,788,571	12/02/2003
LOUISIANA LICKERS	TA Operating LLC	Registered	78/400,034	2,943,925	04/26/2005
QUAKER STEAK & WINGS	TA Operating LLC	Registered	75/108,588	2,083,548	07/29/97 Renewed 07/29/2007

MARK	OWNER	STATUS	SERIAL #	REGISTRATION #	DATE OF REGISTRATION
MUNCH BUCKET OF BOLTS	TA Operating LLC	Registered	76/477,955	2,771,494	10/07/2003
THE LUBE	TA Operating LLC	Registered	76/493,983	2,880,832	09/07/2004
QUAKER STEAK & LUBE BEST WINGS USA	TA Operating LLC	Registered	77/241,753	3,536,015	11/25/2008
SPRINTSTER	TA Operating LLC	Registered	85/247,810	4,026,171	09/03/2011
PICK-UP WINGO WINDOW	TA Operating LLC	Registered	85/247,812	4,034,473	10/04/2011
THAI 'R' CRACKER	TA Operating LLC	Registered	85/247,813	4,026,172	09/13/2011
LUBEBURGER	TA Operating LLC	Registered	85/247,810	4.157,577	06/12/2012
MAGNA FRIES	TA Operating LLC	Registered	85/247,806	4,163,972	06/26/2012
BAR JAR	TA Operating LLC	Registered	85/550,836	4,205,359	09/11/2012
BAVARIAN FUN FEST	TA Operating LLC	Registered	73/400541	1,343,388	6/18/85 Renewed 7/11/2015
LUBE LOYALTY	TA Operating LLC	Registered	86/381,178	4,742,660	5/26/2015
REVVED-UP REWARDS	TA Operating LLC	Registered	86/689,361	5,074,397	11/1/2016

All required affidavits have been filed in a timely manner.

QSL may license or establish new Licensed Marks in the future and you must use and display these marks in accordance with specifications and bear all costs associated with changes to Licensed Marks or introduction of new Licensed Marks. You must follow QSL's rules when you use these Licensed Marks. You may not use QSL's registered name in the sale of an unauthorized product or service or in any manner QSL does not authorize in writing. You may not use any other mark, name, commercial symbol or logo-type in connection with the operation of your Restaurant.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator any state, or any court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving trademarks, service marks, trade names, logo-types or other commercial symbols which is relevant to the use in any state; and no agreements exist which significantly limit in any manner material to you, the rights of QSL to use or license the use of marks, names, logos or symbols.

You shall not contest, directly or indirectly, TA Operating's ownership of the Licensed Marks or QSL's right to use the Licensed Marks. Likewise, you will not contest, directly or indirectly, TA Operating's or QSL's ownership of the trade secrets, methods and procedures which are a part of the QSL System. You shall not register, seek to register or contest QSL's sole right to register, use and license others to use the marks, names, information and symbols.

There are no infringing uses known to QSL which could materially affect your use of the Licensed Marks in this state or in any state where the business is to be located.

Except for the agreements with our affiliate TA Operating described above, there are no agreements currently in effect which significantly limit the rights of QSL to use or license the use of any trademarks, service marks, trade names, logo-types or other commercial symbols.

In 1993, our Predecessor registered the domain name "quakersteakandlube.com". In 1995, our Predecessor registered the domain name "lubewings.com". On March 12, 2004, our Predecessor registered the domain name "thelube.com". In connection with the sale of our Predecessor's assets to TA, these domain names have been assigned to TA Operating, who has licensed them to us for our use in the QSL System. You acknowledge that we are the lawful and sole owner of the domain name "quakersteakandlube.com", and "lubewings.com" and "thelube.com" which domain names incorporate our trademark QUAKER STEAK & LUBE®, and you agree not to register the trademark QUAKER STEAK & LUBE® or any of the Licensed Marks now or hereafter owned by QSL or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including generic and country code top level domain names available at the present time or in the future. Under the terms of the Franchise Agreement, QSL retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. You have the right to access our website; however, except as we may authorize in writing, in our sole discretion, you shall not in any way: (a) link or frame our website; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with your franchise.

Your right to use the Licensed Marks is derived solely from the Franchise Agreement. The grant to you of an Area Development Agreement does not confer any rights to use the Licensed Marks. All uses of the Licensed Marks by you and any goodwill established inures to the exclusive benefit of QSL. After any termination or expiration of an Area Development Agreement, you may not, except for Restaurants operated by you pursuant to Franchise Agreements granted by QSL, directly or indirectly, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, QSL or use in any manner or for any purpose any Licensed Mark or other indicia of the Restaurant or any colorable imitation.

Your right to use the Licensed Marks is derived solely from the Franchise Agreement and is limited to the conduct of your business in compliance with the Franchise Agreement.

All provisions of the Franchise Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for your use.

You must use the Licensed Marks as the sole identification of the Restaurant, and you must also identify yourself as an independent franchise owner of QSL. You may not use any Licensed Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Licensed Mark in the sale of any unauthorized product or service or in any other manner QSL does not expressly authorize in writing.

You must notify QSL immediately in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than QSL and its counsel regarding any infringement, challenge or claim. QSL has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. You must execute all documents, render assistance and do acts and things advisable to protect and maintain the interests of QSL in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of QSL in the Licensed Marks.

QSL will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Licensed Mark in compliance with the Franchise Agreement is held to constitute trademark infringement and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, if you have timely notified QSL of the claim or proceeding and have otherwise complied with the Franchise Agreement and if QSL has the right to defend any claim. If QSL defends the claim, QSL has no obligation to indemnify or reimburse you for any fees or disbursements to any attorney retained by you.

If it becomes advisable at any time, in QSL's sole discretion, for QSL and/or you to modify or discontinue use of any Licensed Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after notice by QSL and QSL shall have no obligation to reimburse you for any related costs or expenditures.

There may be infringing uses in regional markets by third parties who may be utilizing the name QUAKER STEAK & LUBE® or marks similar to one or more of the Licensed Marks in conjunction with a Restaurant and this use would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before QSL's use, QSL and franchisees may be prohibited from utilizing the marks, names, logos or symbols within the market of the prior use.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

QSL does not now own any rights to any patent which is material to the franchise. We claim copyright protection for the Manuals and for certain other written materials we have developed or will develop to assist you in the operation of your Restaurant.

QSL possesses certain proprietary and confidential information in our recipes which are included in the confidential Manuals and which are our trade secrets. QSL possesses certain other proprietary and confidential information relating to the operation of Restaurants, including processes, methods, techniques, and other information which is valuable and considered by QSL as confidential information ("Confidential Information"). You must maintain the absolute confidentiality of the Confidential Information during and after the expiration or termination of the Franchise Agreement. You must execute our Confidentiality Agreement, attached as Exhibit F to the Franchise Agreement, You can divulge this Confidential Information only to your employees who must have access to it to operate the Restaurant and who have executed our Confidentiality Agreement, attached as Exhibit F to the Franchise Agreement. You are not permitted to make unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person. All Confidential Information, knowledge, know-how and techniques, including the confidential Manuals, plans, specifications, standards, techniques and other information communicated in any manner whatsoever are Confidential Information.

You will not acquire any interest in the Confidential Information other than the right to utilize it in your Restaurant, and you must not use the Confidential Information in any other business or capacity. You must adopt and implement all reasonable procedures QSL prescribes to prevent unauthorized use, duplication, or disclosure of QSL's Confidential Information, and to require all of your employees, including, without limitation, the Management Team, who have access to the Confidential Information to sign non-disclosure and non-competition agreements, to the extent permitted by law.

Any software provided by us or our designee must be treated as Confidential Information. Any software provided must be returned to us if the Franchise Agreement is terminated or expires.

All ideas, concepts, techniques, or materials concerning a Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Restaurant must at all times be under your direct, day-to-day, full-time supervision (or, if you are a partnership, corporation or a limited liability company, an Owner who we approve and who has completed the initial training program, to our satisfaction).

The person who is responsible for the day-to-day supervision of the Restaurant, or the manager, must assume responsibilities on a full-time basis and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitment, or otherwise may conflict with the obligations to operate and manage the Restaurant.

You must also designate and retain at all times a Management Team (as defined in Item 11 of this disclosure document) to assist in the operation and management of the Restaurant. We also require you to have a trained and certified MAC (Marketing Activity Coordinator) who works a minimum of 20 hours per week but is recommended to be a full-time position. Each of these persons must complete our training requirements, to our satisfaction. At our request, you must also obtain covenants not to compete, from your Management Team (as defined in Item 11 of this disclosure document) and other of your employees as we designate, including covenants applicable on the termination of the employee's relationship with you and from any owner of a beneficial interest in you. Your Manager must execute the Confidentiality Agreement, attached as Exhibit F to the Franchise Agreement.

If you are an entity, your Principal Owners (defined as a general partner or any individual with a 10% or greater direct or indirect interest in you) must execute a Guaranty (attached as Exhibit B to the Franchise Agreement), guaranteeing your obligations under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

You must offer and sell only the menu items, products and services that we have expressly approved in writing. You must stop selling any menu items, products or services that we disapprove in writing. The franchisee has the ability to request menu items that may be used in the creation of a regional menu insert, which can only be used in conjunction with the core menu. With approval of the head of the Food & Beverage Department, the franchisee will be assisted in creating regional menu items for corporate approval. There is no limit on our right to add or remove items from our standard menu and you must promptly comply with any changes that we make to the menu. You must prepare all menu items using the procedures for preparation contained in our Manuals or in other written communications. You must not use or offer nonconforming items, unless we give you our written consent. You must open and operate your Restaurant during the hours we recommend in the Manuals or otherwise in writing.

We may make available to you and may require you to purchase from us for resale to your customers certain merchandise, products and ingredients, in amounts necessary to meet your customers' demands.

You may not advertise, promote, post or list information relating to your Restaurant on the Internet (through the creation of a website or otherwise), unless we decide to include such information about your Restaurant on our website.

Unapproved products, services or suppliers may not be utilized in any manner at your Restaurant. You must comply with our standards and specifications (including brand specifications and brand identity) relating to the purchase and sale of designated food products and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, computer hardware and software and other products used or sold at the Restaurant as designated in the Manuals or in other written communication. You must maintain the Restaurant to our merchandising and cleanliness standards and keep it in good repair and condition. The appearance of your Restaurant is important to the goodwill of the QSL System. You must make any additions, alterations, repairs and replacements to the Restaurant as we may require, including periodic repainting or replacement of obsolete signs, furnishings, equipment (including electronic cash register or computer hardware and software systems), and décor, within a reasonable time after you are requested to make such changes from us, in writing. Except as may be approved by us, you may not make any alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, merchandising, fixtures or furnishings to the Restaurant.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Area Development Agreement Section 1.3 and Exhibit B Franchise Agreement Sections 1 and 3.2	Term of Area Development Agreement ends on last day of the Development Schedule, as set forth in Exhibit B to the Area Development Agreement Term of Franchise Agreement is 10 years.
b. Renewal or extension of the term	Area Development Agreement Section 2.3 Franchise Agreement Section 17.1	You may obtain one 90 day extension per Restaurant for up to 3 Restaurants in order to develop Restaurants If you are in good standing, you can add an additional term of 10 years.
c. Requirements for franchisee to renew or extend	Area Development Agreement Section 2.3 Franchise Agreement Section 17	You must be otherwise in compliance with the Area Development Agreement and each Franchise Agreement. You must give notice of renewal not less than 180 days nor more than 1 year, repair and update equipment and Restaurant to then-applicable standards, not be in breach of any agreement with us or our affiliates, satisfy all monetary obligations, have the right to remain in possession of the site or secure an approved substitute, pay a renewal fee of 20% of then-current franchise fee, execute the then-current

Provision	Section in franchise or other agreement	Summary
		Franchise Agreement and General Release and comply with current qualifications and training requirements. The then-current Franchise Agreement used by us may contain terms and conditions materially different from those in your previous Franchise Agreement , provided however that the Royalty Fees, Advertising Fees, and Protected Area will remain the same.
d. Termination by franchisee	N/A	You may terminate the Franchise Agreement under grounds permitted by applicable law.
e. Termination by franchisor without cause	N/A	N/A
f. Termination by franchisor with cause	Area Development Agreement Section 7 Franchise Agreement Section 18	Each of your obligations under the Franchise Agreement and Area Development Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Area Development Agreement Section 7.3 Franchise Agreement Section 18.2	All defaults of the Area Development Agreement are curable except as set forth below. Curable defaults include: you or a trained manager are not present or the Restaurant is not open during all required hours; you purchase products or services from an unapproved supplier; you failed to obtain and maintain permits and licenses; if you are a business entity, you fail to maintain active status; you fail to make timely required reports; you violate any provision of this agreement (other than non-curable defaults); you fail to maintain any standard or procedure in the Manuals; you continue to violate any law or regulation; you fail to obtain approvals or consents required by the Franchise Agreement. You have 30 days after written notice to cure these defaults.
h. "Cause" defined –non-curable defaults	Area Development Agreement Section 7.2	Noncurable defaults include: you fail to meet your obligations under the Development Schedule; you become insolvent; you make an assignment for creditors; you admit in writing your inability to pay debts; you suffer appointed receivership; you have a final judgment which remains unsatisfied for 30 days; you are convicted of a felony or other relevant crime or offense; you attempt or purport to transfer rights or obligations under the Area Development Agreement, in violation of the Area

Provision	Section in franchise or other agreement	Summary
		Development Agreement; you fail to comply with covenants or obligations set forth in the Area Development Agreement.
	Franchise Agreement Section 18.2	Noncurable defaults include: you make a material misrepresentation in connection with the purchase of the franchise; you fail to begin operating the Restaurant within 12 months of the Agreement Date (or 18 months if you are acquiring the site); you fail to successfully complete training; you abandon or fail to operate the Restaurant for 5 or more consecutive days; you surrender or transfer the Restaurant without our consent; you are convicted of a felony or other serious offense; you engage in dishonest or unethical conduct; you understate Gross Sales by 2% or more during any accounting Period or you have understated Gross Sales by 2% two or more times during any 18 month period; you make an unauthorized assignment of interests or assets in connection with the franchise or Restaurant; you fail to assign Franchise Agreement or relevant interest upon death or disability as required by the Franchise Agreement; you fail to cure any default under a Lease or lose possession of the Restaurant or Site; you fail to cure any default under loan documents; you make any unauthorized use or disclosure of confidential information; you fail to pay any amounts to us or approved suppliers within 5 days of written notice; you fail to pay taxes when due; you fail to comply with any provision of the Franchise Agreement or QSL System standard and fail to cure after 30 days' notice; you fail to timely submit required reports or payments on 2 or more separate occasions within 12 consecutive accounting periods or 5 occasions during the term of the Franchise Agreement; you fail to maintain liquid funds or bank authorizations to allow electronic fund transfers on 2 or more separate occasions during the term of the Franchise Agreement; or you become insolvent, have a receiver trustee, or liquidator appointed, or have assets attached or seized or made subject to a levy or warrant.
i. Franchisee's obligations on termination/ nonrenewal	Area Development Agreement Section 8.1	Termination of the Area Development Agreement requires you: to cease from representing yourself as a developer; to cease using the Licensed Marks as a developer; to pay all amounts due to us or our affiliates; and to comply with confidentiality requirements and

Provision	Section in franchise or other agreement	Summary
	Franchise Agreement Section 19	competitive restrictions. Termination of the Franchise Agreement requires you: to cease operating the Restaurant and using the Licensed Marks and System and to completely de-identify the business; to cancel all fictitious or assumed names; to cease operating a similar restaurant; to notify telephone company of termination of rights to use telephone number, to pay all amounts due to us or our affiliates, to return all Manuals and software and other proprietary materials, to comply with confidentiality requirements and competitive restrictions and, at our option, to sell or assign to us your rights in the Restaurant premises and the equipment fixtures used in the business.
j. Assignment of contract by franchisor	Area Development Agreement Section 5.6 Franchise Agreement Section 16.1	No restriction on QSL's right to assign either the Area Development or Franchise Agreement.
k. "Transfer" by franchisee- defined	Area Development Agreement Section 5.1 Franchise Agreement Section 16	Transfer of Area Development Agreement includes sale, assignment, transfer, conveyance, sublease, pledge, or mortgage of: the Area Development Rights, the rights and interest under the Area Development Agreement; or any of your ownership interest (including by a principal owner). Transfer of Franchise Agreement includes: transfer of 25% or more interest in you or any other interest that affects control over the franchise; merger or consolidation or issuance of additional interests in you; issuance or sale of your stock (or securities convertible to stock); transfer of an interest in you, the Franchise Agreement, the Restaurant, your lease, or the operating assets in connection with a divorce, insolvency, or dissolution, by operation of law; or, in the event of your death or the death of one of your owners, by will, declaration, or intestacy; or pledge of this Agreement or an interest in you; or foreclosure; or loss of control of the Restaurant or your lease.
l. Franchisor approval of transfer by franchisee	Area Development Agreement Section 5.2 Franchise Agreement	QSL has the right to approve all transfers under the Area Development Agreement and Franchise Agreement but will not unreasonably withhold approval.

Provision	Section in franchise or other agreement	Summary
	Section 16	
m. Conditions for franchisor approval of transfer	Area Development Agreement Section 5.2 Franchise Agreement Section 16.3	Transferee must meet qualifications; all accrued monetary obligations must be paid; transferor's right to receive compensation is subordinated to obligations owed to us; transferor has executed a general release; transferee has entered into a written assignment acceptable to us; and transferee or transferor pays our transfer fee. Transferee must meet qualifications; all monetary obligations must be paid; transferee must agree to complete training program; transferee agrees to be bound by all existing terms and provisions and executes our then-current form of Franchise Agreement; transferee agrees to upgrade Restaurant to our then-current standards; transferee or transferor pays a transfer fee; transferor executes our General Release; we have approved the terms and conditions of the transfer; any financing is subordinate to our rights; transferor and its owners have executed a non-competition agreement; transferor agrees that it will not identify itself as a former Restaurant or further use the Licensed Marks.
n. Franchisor's right of first refusal to acquire franchisee's business	Area Development Agreement Section 6 Franchise Agreement Section 16.8	We can match any offer for a controlling interest in you, substantially all of your assets, or your rights in the Area Development Agreement, exercisable within 30 days after notice. We can match any offer for the Restaurant, the Franchise Agreement, the site, or greater than 50% interest in you, exercisable within 30 days after notice.
o. Franchisor's option to purchase franchisee's business	Not applicable to Area Development Agreement Franchise Agreement Section 19.5	 In case of termination or nonrenewal of Franchise Agreement, we may purchase franchise assets at market value.
p. Death or disability of franchisee	Not applicable to Area Development Agreement	

Provision	Section in franchise or other agreement	Summary
	Franchise Agreement Section 16 .5	Upon death or permanent disability of you or the owner of a controlling interest in you, a competent manager must be appointed within 30 days and interest must be transferred as designate by us, within 1 and 6 months of notice.
q. Non-competition covenants during the term of the franchise	Area Development Agreement Section 8.2 Franchise Agreement Section 12	No involvement or interest in a Competitive Business at the Site, in the Protected Area, or within 10 miles of any Restaurant or Ancillary Facility. Cannot lease, license, or otherwise permit the Site, or any portion of it, to be used or occupied by a Competitive Business. Competitive Business is defined as any business which prepares, offers and sells as a primary menu item, bone in chicken wings or any business which looks, copies, imitates, or operates in a manner similar to a Quaker Steak & Lube® Restaurant, including but not limited to, a restaurant with similar trade dress or décor or a restaurant utilizing a motor theme in a casual dining atmosphere.
r. Non-competition covenants after the franchise is terminated or expires	Area Development Agreement Section 8.2 Franchise Agreement Section 20	No involvement in a Competitive Business for 2 years at the Site, in the Protected Area, or within 10 miles of any Restaurant or Ancillary Facility in operation or under construction at the time of termination or expiration. No solicitation for 2 years of our or our affiliates' employees/service-providers or former employees/service-providers. No interference with contractual relationships or activity injurious to the Licensed Marks or QSL System. Cannot lease, license, or otherwise permit the Site, or any portion of it, to be used or occupied by a Competitive Business
s. Modification of the agreement	Area Development Agreement Section 11.15 Franchise Agreement Sections 21.15 and 7.3	No modifications except in writing and signed by both franchisee and QSL. Manuals can be modified as long as the modification does not alter your fundamental status and rights.
t. Integration/merger clause	Area Development Agreement Section 11.15	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the Area Development Agreement or

Provision	Section in franchise or other agreement	Summary
	    Franchise Agreement Section 21.15	in any other related written agreement is intended to disclaim representations made in the franchise disclosure document. Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document. Any representations or promises outside of the disclosure document, franchise agreement, or development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Area Development Agreement Section 11.11 Franchise Agreement Section 21.11	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in compliance with the rules of the American Arbitration Association in Cleveland, Ohio.
v. Choice of forum	Area Development Agreement 11.8 and 11.9 Franchise Agreement Section 21.8	The venue for all proceedings relating to or arising out of the agreements is Cuyahoga County, Ohio, unless as otherwise set forth in the state specific addenda attached hereto at Exhibit G.
w. Choice of law	Area Development Agreement Section 11.7 Franchise Agreement Section 21.7	Ohio law applies, unless as otherwise set forth in the state specific addenda attached hereto at Exhibit G.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise, Restaurants, or the QSL System.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The financial performance representations in Table A and Table B were prepared internally by us and are in accordance with generally accepted accounting principles in all material respects. Written substantiation will be made available to you upon reasonable request.

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATIONS

Table A

The historical data provided in Table A is for all full-size, full-service, free standing, company-owned Restaurants operated during the period beginning January 1st, 2018 and ending December 31st, 2018, provided the Restaurant was open 6 months as of the beginning of the 2018 fiscal year. It does not include Ancillary Facilities, such as Restaurants in airports, stadiums or universities. At the beginning of this period, there were 15 company-owned Restaurants. At the end of this period there were 16 company-owned Restaurants. This disclosure only includes 13 company-owned Restaurants, as 3 did not meet the criteria outlined above. Notes to Table A should also be read in conjunction with evaluating information in the Table.

TABLE A

Company Owned QUAKER STEAK & LUBE Restaurants

Average Revenues and Expenses of Company Owned Restaurants

For the period beginning January 1, 2018 and ended December 31, 2018

		Average		Median	
	Note	$	% of Revenue	$	% of Revenue
REVENUE					
Net Restaurant Revenue	(1)	2,254,585	100.0%	1,478,660	100.0%
COSTS AND EXPENSES					
Restaurant Operating Costs					
Cost of Sales	(2)	660,061	29.3%	418,653	28.3%
Labor	(3)	834,307	37.0%	490,137	33.1%
Operating Expense					
Marketing, Promotion and Ad Fund	(4)	90,183	4.0%	59,146	4.0%
Controllable Expenses	(5)	318,430	14.1%	212,354	14.4%
Non Controllable Expenses	(6)	64,073	2.8%	48,551	3.3%
Total Operating Expense		472,687	21.0%	320,051	21.6%
Restaurant Operating Profit		287,529	12.8%	249,818	16.9%
Royalty	(7)	112,729	5.0%	73,933	5.0%
Operating Earnings	(8)	174,800	7.8%	175,885	11.9%

Notes to Table A

(1) Net Restaurant Revenue means total gross revenue less applicable sales tax, employee meals and discounts, promotional discounts, coupons, complimentary meal discounts and all other comps.

(2) Cost of Sales means food, beverage and retail cost of sales. These costs include the total costs of all food, bar mixes, liquor, wine, beer, frying oil and all other direct costs of items consumed by the customer. Our company-owned Restaurants and franchisees purchase many items under arrangements negotiated by us with suppliers and distributors which may have permitted volume discounts. To the extent these arrangements are changed, are not available to you, or are discontinued, the freight, shipping and handling costs and the mark-up imposed on such items may vary. The Restaurant's ability to control waste contributes to variances in food costs.

(3) Labor includes hourly wages, management salaries, training wages, vacation pay, bonuses, all payroll taxes, health and other benefits, including workmen's compensation. It does not include any travel or employee relations costs which are included in controllable costs. Labor costs will vary depending on geographic location and competitive conditions in each market. Medical and dental insurance for employees will vary depending on many factors, including the extent and amount of coverage provided,

the loss experience of the group and the size of the employee base. Other benefits which you elect to provide to your employees, such as the amount of vacation time and vacation pay rates, are factors which will affect total labor and operating costs.

(4) Marketing, Promotion and the QSL Ad Fund is shown as a pro forma amount of 4% to be incurred. We currently require franchisees to spend 3% of Gross Sales on local advertising and public relations. Required contributions by you to the QSL Ad Fund are currently .75% of Gross Sales. We may require you to contribute an additional 2.25% of Gross Sales to the QSL Ad Fund upon 30 days written notice from us. In such event, your contributions to the QSL Ad Fund that exceed 1% of Gross Sales are credited to your requirement to spend 3% of Net Revenue on local advertising and public relations. The 4% as shown on Table A represents the maximum percentage of Net Revenue you must spend on Marketing, Promotion and the QSL Ad Fund. This does not represent the actual spend of any one restaurant.

(5) Controllable expenses are those that are under control of management. These include glassware, silverware, small wares, supplies, contributions, crew member relations, over (short), dish machine chemicals, dues, subscriptions, equipment leases, ice purchases, janitorial subcontract, laundry, landscaping, snow plowing, postage, repair and maintenance, telephone, travel, employee education, uniforms and utilities. Packaging and supplies are those that vary directly with sales volume. They are composed of kitchen supplies, bar supplies, dining room supplies, carryout supplies, office supplies, paper buckets and bucket lids.

(6) Non-Controllable expenses are those that Restaurant management cannot control. These include bank fees, chargebacks, credit card fees, gift card fees, security, and professional fees.

(7) Franchisee Restaurants are required to pay Royalties to the Franchisor. The amount of Royalties at Table A is a pro forma amount of Royalties franchisees are required to pay to us. Our company-owned Restaurants do not pay Royalties. The Royalties you are required to pay are a percentage of net revenue and range from 5.00% per Restaurant for franchisees with 1-2 Restaurants, 4.75% per Restaurant for franchisees with 3 Restaurants and 4.50% per Restaurant for franchisees with 4 or more Restaurants. Once a decrease in Royalty is achieved by franchisee in accordance with Item 6 of this Disclosure Document, the decrease becomes applicable to each and every Restaurant operated by franchisee.

(8) Operating earnings do not include any of the following expenses: administration, cost of non-direct Restaurant supervision, management fees, general administration, or executive expenses which are dependent on the structure and decisions of the ownership of the Restaurant. Interest and financing costs which are dependent on the financing structure of the operation. Depreciation is dependent on the financing structure of the operation. Depreciation expense also varies by management estimates of useful lives of the fixed assets. Pre-Opening expenses are a one-time occurrence for expenses incurred before the Restaurant opens. These include wages during the training period, utilities,

insurance, food and operating supplies consumed during staff training, among others. See Item 7 for estimates of pre-opening expenses. Occupancy expense is composed of rent, real estate taxes, common area maintenance charges, and insurance. Occupancy expense is dependent on the financing structure of the operation. The Restaurants in Table A have a variety of financing options (ground lease, financing or cash payment for land and/or building, build-to-suit lease) which will result in substantially different occupancy costs.

The average Net Restaurant Revenue and Operating Earnings of the 13 company-owned Restaurants presented in Table A was $2,254,585 and $174,800 respectively. The Restaurants included are of various sizes and ages. Of the 13 company-owned Restaurants provided, 6 Restaurants exceeded the average Net Restaurant Revenue while 7 exceeded the average Operating Earnings.

Table B

The historical net revenue set forth in Table B is for the 52 week fiscal year ending December 31, 2018 for all company-owned and franchised Restaurants that have been open for 6 months as of the beginning of the 2018 fiscal year. It does not include Ancillary Facilities, such as Restaurants in airports, stadiums or universities. At the beginning of this period there were 15 company-owned Restaurants. At the end of this period there were 16 company-owned Restaurants. This disclosure only includes 13 company-owned Restaurants, as 3 did not meet the criteria outlined above. At the beginning of this period, there were 34 franchise-owned Restaurants. At the end of this period, there were 27 franchise-owned Restaurants. This disclosure only includes 22 franchise-owned Restaurants, and excludes those franchised Restaurants that are seasonal or Ancillary Facilities.

TABLE B

Full Service QUAKER STEAK & LUBE Restaurants
Average Revenues for Full Service Restaurants Open at least 6 Months at beginning of Fiscal Year 2018
For the 52 Week Period Ended December 31, 2018

Table B - Company Owned

Tier	# Restaurants	Average Revenue	Range Low	Range Median	Range High	# Meeting or Exceeding Exceeding Average #	%
Top Third	4	$ 3,076,369	$ 2,563,308	$ 3,234,180	$ 3,273,811	3	75%
Middle Third	4	$ 2,221,355	$ 2,073,056	$ 2,183,821	$ 2,444,724	2	50%
Bottom Third	5	$ 1,553,626	$ 1,284,974	$ 1,466,528	$ 1,832,612	2	40%
Total	13	$ 2,227,618	$ 1,284,974	$ 2,087,353	$ 3,273,811	6	46%

Table B - Franchised

Tier	# Restaurants	Average Revenue	Range Low	Range Median	Range High	# Meeting or Exceeding Exceeding Average #	%
Top Third	7	$ 3,474,561	$ 3,028,127	$ 3,490,960	$ 3,858,778	4	57%
Middle Third	7	$ 2,741,961	$ 2,417,557	$ 2,725,557	$ 3,014,693	3	43%
Bottom Third	8	$ 1,961,672	$ 1,169,115	$ 2,026,638	$ 2,383,911	4	50%
	22	$ 2,691,320	$ 1,169,115	$ 2,718,564	$ 3,858,778	12	55%

Table B - Combined

Tier	# Restaurants	Average Revenue	Range Low	Range Median	Range High	# Meeting or Exceeding Exceeding Average #	%
Top Third	12	$ 3,328,807	$ 2,866,899	$ 3,250,301	$ 3,858,778	4	33%
Middle Third	11	$ 2,487,601	$ 2,165,605	$ 2,444,724	$ 2,825,785	5	45%
Bottom Third	12	$ 1,738,230	$ 1,169,115	$ 1,805,863	$ 2,113,550	8	67%
	35	$ 2,519,087	$ 1,169,115	$ 2,444,724	$ 3,858,778	17	49%

Notes to Table B:

(1) Restaurant Revenue means total gross revenue less applicable sales tax, employee meals and discounts, promotional discounts, coupons, complimentary meal discounts and all other comps.

(2) There are numerous factors impacting the amount of revenue generated by our Restaurants. including: (a) Demographics, competition, and traffic drivers in the area in which the Restaurant is located including age, income, households, day time population, and other items; (b) Site specific characteristics such as visibility, parking and traffic patterns; (c) Building characteristics such as new construction or conversion, building size, age, maintenance levels, and whether the building is free standing or an end cap, among other items; and (d) Quality of the Restaurant's operations and management.

Some Restaurants have sold or earned this much. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, QSL Franchise Systems LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bruce Lane, 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (440) 617-1116, blane@thelube.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2016 to 2018

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2016	42	39	-3
	2017	39	33	-6
	2018	33	27	-6
Company-Owned	2016	12	11	-1
	2017	11	15	+4
	2018	15	16	+1
Total	2016	54	50	-4
	2017	50	48	-2
	2018	48	43	-5

Table No. 2

Transfers of Outlets
from Franchisees to New Owners (other than Franchisor)
For Years 2016 to 2018

State	Year	Number of Transfers
Total	2016	0
	2017	0
	2018	0

Table No. 3

Status of Franchised Outlets for Years 2016 to 2018

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Colorado	2016	1	0	0	0	1	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Florida	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Indiana	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
	2018	0	0	0	0	0	0	0
Iowa	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Kentucky	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Louisiana	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	1	0	0	0	1
Michigan	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Nebraska	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
New Jersey	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
New York	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
North Carolina	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
North Dakota	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Ohio	2016	9	0	0	0	0	0	9
	2017	9	0	0	0	0	0	9
	2018	9	0	0	0	0	0	9
Pennsylvania	2016	13	0	1	0	0	0	12
	2017	12	0	0	0	4	0	8
	2018	8	0	0	0	0	1	7

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
South Carolina	2016	2	0	0	0	0	0	2
	2017	2	0	1	0	0	0	1
	2018	1	0	0	0	0	0	1
South Dakota	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Tennessee	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	1	0	0	0	1
Texas	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Virginia	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
West Virginia	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Wisconsin	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	3	0	0	0	0
Total	2016	42	1	3	0	1	0	39
	2017	39	0	2	0	4	0	33
	2018	33	0	5	0	0	1	27

Table No. 4

Status of Company-Owned Outlets for Years 2016 to 2018

Col. 1 State	Col.2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Colorado	2016	0	0	1	0	0	1
	2017	1	0	0	1	0	0
	2018	0	0	0	1	0	0
Indiana	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	2	0	0	0	2
Illinois	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
New York	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
North Carolina	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Pennsylvania	2016	1	0	0	0	0	1
	2017	1	0	4	0	0	5
	2018	5	0	0	1	0	4
Ohio	2016	8	0	0	1	0	7
	2017	7	0	0	0	0	7
	2018	7	0	0	0	0	7
South Carolina	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
	2018	1	0	0	0	0	1
Texas	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Virginia	2016	2	0	0	1	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
West Virginia	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Total	2016	12	0	1	2	0	11
	2017	11	1	4	1	0	15
	2018	15	2	0	1	0	16

Table No. 4
Status of Company-Owned International Outlets for Years 2016 to 2018

Col. 1 State	Col.2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Canada	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2018

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company Owned Outlets In The Next Fiscal Year
Virginia	1	1	0
Totals	1	1	0

The name, address and telephone number of our franchisees, as of December 31, 2018, are as follows:

QSL Restaurant Florida Limited, 10400 49th Street, Clearwater, FL 33760 (Pinellas Park) Contact: Russ Berner; Telephone: 570-784-0111
QSL LLC, 3320, MidAmerica Drive, Council Bluffs, IA 51501 (Council Bluffs) Contact: Chris Morris; Telephone: 712-322-0101
QSL Florence, LLC, 8025 Action Boulevard, Florence, KY 41042 (Florence) Contact: Jim Combs; Telephone: 513-615-4319
QSL Sulphur, LLC, 535 North Cities Service Highway, Sulphur, LA 70663 (Sulphur) Contact: Geno Iafrate; Telephone: 337-476-5120
QSL of Brick, LLC, 1036 Cedar Bridge Avenue, Brick Township, NJ 08723 (Brick) Contact: Ed Choe; Telephone: 201-818-4669
QSL OF Edison, LLC, 561 US Route 1, Edison, NJ 08817 (Edison) Contact: Ed Choe; Telephone: 201-818-4669

QSL Pohatcong LLC, 1304 Route 22, Phillipsburg, NJ 08865 (Pohatcong) Contact: Ed Choe; Telephone: 201-818-4669
QSL Colerain, LLC, 3737 Stone Creek Blvd., Cincinnati, OH 45251 (Colerain) Contact: Jim Combs; Telephone: 513-615-4319
AVI Foodsystems, Inc., 5300 Riverside Drive, Cleveland, OH 44135 (Cleveland Airport) Contact: Chris Gaitanos; Telephone: 330-372-6000
Aramark Sports & Entertainment Services, Inc., 1 Center Court, Cleveland, OH 44115 (Quicken Loans Arena) Telephone: 800-999-8989
QSLPA Investments of Ohio Limited, 8500 Lyra Drive, Columbus, OH 43240 (Columbus) Contact: Russ Berner; Telephone: 570-784-0111
Aramark Food and Support Services Group, Inc., 1075 Risman Dr., Kent, OH 44242 (Kent State) Contact: Denise Mears; Telephone: 215-238-4013
Mentor QSL, LLC, 7834 Reynolds Road, Mentor, OH 44060 (Mentor) Contact: Russ Berner; Telephone: 570-784-0111
QSL Milford LLC, 590 Chamber Dr., Milford, OH 45150 (Milford) Contact: Jim Combs/Don Lee; Telephone: 513-615-4319
Canton QSL, LLC, 6073 Dressler Road NW, North Canton, OH 44720 (Canton) Contact: Russ Berner; Telephone: 570-784-0111
Cedar Fair, L.P., 2003 Cleveland Road W, Sandusky, OH 44870 (Sandusky Cedar Point) Contact: Joe Viviano; Telephone: 419-626-2214
QSL Enterprise, Ltd., 211 Columbia Mall Drive Bloomsburg, PA 17815 (Bloomsburg) Contact: Russ Berner; Telephone: 570-784-0111
Peach Street Wings, Inc., 7851 Peach Street, Erie, PA 16509 (Erie) Contact: Nick Scott, Jr. Telephone: 814-397-2101
Aramark Sports & Entertainment Services, Inc., 100 Art Rooney Avenue, Pittsburgh, PA (Heinz Field) Telephone: 800-999-8989
Aramark Sports & Entertainment Services, Inc., 115 Federal Street, Pittsburgh, PA 15212 (PNC Park) Telephone: 800-999-8989
AVI Foodsystems, Inc., 107 Central Loop, Slippery Rock, PA 16057 (Slippery Rock) Contact: Chris Gaitanos; Telephone: 330-372-6000

Druzak Merchant Development, Inc., 501 Benner Pike, State College, PA 16801 (State College) Contact: Jeff Druzak; Telephone: 412-974-0070
K Investments Limited, 1411 Kenneth Road, York, PA 17404 (York) Contact: Russ Berner; Telephone: 570-784-0111
Quaker Steak & Lube of South Carolina, LLC, 10 Chrome Drive, Greenville, SC 29615 (Greenville) Contact: Josh Joseph; Telephone: 740-452-9351
Tri C, Inc., 1431 Parkway, Sevierville, TN 37862 (Sevierville) Contact: Brent Collier; Telephone: 865-428-1823
Bristol Lube LLC, 629 State Street, Bristol, VA 24201 (Bristol) Contact: Jeff Tickle; Telephone: 276-644-9647
Charleston Lube Partners,LLC, 2391 Mountaineer Boulevard, Charleston, WV 25309 (Charleston) Contact: Russ Berner; Telephone: 570-784-0111

The following franchisee has executed a Franchise Agreement, but has not yet opened the Restaurant as of December 31, 2018:

Whites Travel Center L.L.C., 2440 Raphine Road, Raphine VA 24472 (Raphine) Contact: Robert J. Berkstresser; Telephone: 540-377-2111

FRANCHISOR (AFFILIATE)-OWNED OUTLETS

TA Operating LLC, 5800 Interstate Blvd., Austintown, OH 44515 (Austintown)
TA Operating LLC, 435 Boardman-Poland Road Boardman, OH 44512 (Boardman)
TA Operating LLC, 2191 Millennium Blvd., Cortland, OH 44410 (Warren)
TA Operating LLC, 4034 Pearl Road, Medina, OH 44256 (Medina)
TA Operating LLC, 4900 Transportation Dr., Sheffield, OH 44054 (Sheffield)
TA Operating LLC, 5935 Canal Road, Valley View, OH 44125 (Valley View)
TA Operating LLC, 5150 Liberty Ave., Vermilion, OH 44089 (Vermilion)
TA Operating LLC, 1298 Freedom Road, Cranberry Township, PA 16066 (Cranberry)
TA Operating LLC, 1425 Scalp Avenue, Johnstown, PA 15904 (Johnstown)
TA Operating LLC, 110 Andrew Drive, Pittsburgh, PA 15275 (Robinson)
TA Operating LLC, 101 Chestnut Street, Sharon, PA 16146 (Sharon)
TA Operating LLC, 12832 Jefferson Avenue, Newport News, VA 23608 (Newport News)
TA Operating LLC, 45 Satterfield Road, Tridelphia, WV 26059 (Wheeling)
TA Operating LLC, 2154 S Beltline Boulevard, Columbia, SC 29201 (Columbia)
TA Operating LLC, 2510 Burr Street, Gary, IN 46406 (Gary)

TA Operating LLC, 6245 Ameriplex Drive, Portage, IN 46368 (Portage)

There are currently no "Area Developers" in the QSL System.

Listed below is the name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who has not communicated with QSL within 10 weeks of the date of this Franchise Disclosure Document:

QSL Gonzales, LLC, 2706 S. Cabelas Parkway, Gonzales, LA 70737 (Gonzales) Contact: Geno Iafrate; Telephone: 337-476-5120
Bristol Lube, LLC , 8355 Kingston Pike, Knoxville, TN 37919 (Knoxville) Contact: James J. Gillenwater; Telephone: 865-240-3928
New Berlin QSL, LLC, 4900 South Moorland Road., New Berlin, WI 53151 (New Berlin) Contact: Scott Acker; Telephone: 262-574-9112
QSL Wisconsin LLC, 2259 Deming Way, Middleton, WI 53562 (Middleton) Contact: Scott Acker; Telephone: 262-574-9112
Janesville QSL, LLC, 1641 Legend Hill Lane, Waukesha, WI 53189 (Janesville) Contact: Scott Acker; Telephone: 262-574-9112
K Investments Limited, 165 Gateway Drive, Mechanicsburg, PA 17050 (Mechanicsburg) Contact: Russ Berner; Telephone: 570-784-0111

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

Within the past three years, existing or former franchisees have signed agreements involving confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with QSL Franchise Systems LLC. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

Our Predecessor sponsored The Quaker Steak & Lube® Franchise Advisory Committee. It's members were elected by fellow franchisees in good standing. The Franchise Advisory Committee is currently inactive, but may be revived in the future.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit A are our audited financial statements, which comprise our balance sheets as of December 31, 2018 and December 31, 2017, the related statements of income, changes in member's equity and cash flows for the years ended December 31, 2018, December 31, 2017 and the period from March 24, 2016 (inception) through December 31, 2016, and the related notes.

ITEM 22

CONTRACTS

The following agreements are attached to this Franchise Disclosure Document:

Area Development Agreement	Exhibit B
Franchise Agreement	Exhibit C
General Release	Exhibit C1

ITEM 23

RECEIPTS

Exhibit H contains detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A

FINANCIAL STATEMENTS

QSL FRANCHISE SYSTEMS LLC

Audited financial statements, which comprise our balance sheets as of December 31, 2018 and December 31, 2017, the related statements of income, changes in member's equity and cash flows for the years ended December 31, 2018 and December 31, 2017 and the period from March 24, 2016 (inception) through December 31, 2016, and the related notes.

RSM US LLP

1001 Lakeside Ave East
Suite 200
Cleveland, OH 44114

T +1 216 523 1900
F +1 216 522 1490

www.rsmus.com

Consent

RSM US LLP consents to the use in the Franchise Disclosure Document issued by QSL Franchise Systems LLC ("Franchisor") on April 1, 2019, as it may be amended, of our report dated April 1, 2019 relating to the financial statements of Franchisor included in this Franchise Disclosure Document.

RSM US LLP

QSL Franchise Systems LLC
(Wholly Owned Subsidiary of TravelCenters of America Holding Company LLC)

Financial Statements
As of and for the years ended December 31, 2018 and 2017, and for the period ended December 31, 2016

QSL Franchise Systems LLC
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RSM

Independent Auditor's Report

RSM US LLP

To the Board of Directors of
TravelCenters of America LLC

Report on the Financial Statements

We have audited the accompanying financial statements of QSL Franchise Systems LLC (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, the related statements of income, changes in member's equity and cash flows for the years ended December 31, 2018 and 2017 and the period March 24, 2016 (inception) through December 31, 2016, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the 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 QSL Franchise Systems LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years ended December 31, 2018 and 2017 and the period March 24, 2016 (inception) through December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Cleveland, Ohio
April 1, 2019

QSL Franchise Systems LLC
Balance Sheets

	December 31,			
		2018		2017
Assets:				
Current assets:				
Cash	$	600,000	$	600,000
Franchise receivables, net		336,044		399,839
Due from affiliate, net		9,444,941		6,944,554
Total current assets		10,380,985		7,944,393
Intangible assets, net		4,952,082		6,593,086
Total assets	$	15,333,067	$	14,537,479
Liabilities and Member's Capital:				
Current liabilities:				
Accounts payable	$	61,000	$	25,000
Advertising fund payable		—		678
Other current liabilities		3,000		3,000
Total current liabilities		64,000		28,678
Deferred revenue		42,172		25,172
Total liabilities		106,172		53,850
Member's capital		15,226,895		14,483,629
Total liabilities and member's capital	$	15,333,067	$	14,537,479

The accompanying notes are an integral part of these financial statements.

QSL Franchise Systems LLC
Statements of Income

	Year Ended December 31, 2018	Year Ended December 31, 2017	Period Ended December 31, 2016
Revenues:			
Royalties and franchise fees	$ 3,884,523	$ 4,744,427	$ 4,018,636
Total revenues	3,884,523	4,744,427	4,018,636
Operating expenses:			
Selling, general and administrative	1,267,483	618,192	692,791
Amortization	1,641,004	1,522,832	834,082
Site level operating	232,770	161,537	—
Total operating expenses	3,141,257	2,302,561	1,526,873
Net income	$ 743,266	$ 2,441,866	$ 2,491,763

The accompanying notes are an integral part of these financial statements.

QSL Franchise Systems LLC
Statements of Cash Flows

	Year Ended December 31, 2018	Year Ended December 31, 2017	Period Ended December 31, 2016
Cash flows from operating activities:			
Net income	$ 743,266	$ 2,441,866	$ 2,491,763
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization expense	1,641,004	1,522,832	834,082
Revenue from franchise fees	(3,000)	(1,828)	—
Changes in working capital:			
Franchise receivables, net	63,795	(168,916)	(230,923)
Due from affiliate, net	(2,500,387)	(3,562,017)	(3,382,537)
Accounts payable	36,000	17,794	7,206
Advertising fund payable	(678)	(279,731)	280,409
Deferred revenue	20,000	30,000	—
Net cash provided by operating activities	—	—	—
Cash flows from financing activities:			
Proceeds from member's capital contribution	—	—	600,000
Net cash provided by financing activities	—	—	600,000
Net increase in cash	—	—	600,000
Cash, beginning of period	600,000	600,000	—
Cash, end of period	$ 600,000	$ 600,000	$ 600,000

The accompanying notes are an integral part of these financial statements.

QSL Franchise Systems LLC
Statements of Changes In Member's Capital

	Member's Capital
March 24, 2016	$ —
Member's capital contributions	9,550,000
Net income	2,491,763
December 31, 2016	12,041,763
Net income	2,441,866
December 31, 2017	14,483,629
Net income	743,266
December 31, 2018	$ 15,226,895

The accompanying notes are an integral part of these financial statements.

QSL Franchise Systems LLC
Notes to Financial Statements

1. Business Description and Basis of Presentation

QSL Franchise Systems LLC, which we refer to as the Company or we, us and our, is a Maryland limited liability company. We are a wholly-owned subsidiary of TravelCenters of America Holding Company LLC, or TA Holding, a Delaware limited liability company, which is a wholly-owned subsidiary of TravelCenters of America LLC, or TA, a Delaware limited liability company.

Formation. We were formed by TA Holding on March 24, 2016, to franchise casual dining restaurants under the "Quaker Steak & Lube" brand name, or the QSL brand. Our formation included a capital contribution in the form of a non-interest bearing promissory note in the amount of $600,000, which was collected on July 7, 2016, and is presented in member's capital. The period ended December 31, 2016, includes activity from the date we were formed through December 31, 2016.

On April 20, 2016, TA acquired certain assets of the Quaker Steak & Lube restaurant business, or QSL, which included 50 standalone restaurants, 40 of which were operated by franchisees, and TA accounted for this transaction as a business combination, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their respective fair values as of the date of acquisition. The acquisition of QSL included, among other things, the intangible assets associated with the 40 franchise agreements. On April 20, 2016, TA made a capital contribution to us of these franchise agreements, which had a fair value of $8,950,000.

Under our Limited Liability Company Operating Agreement, or the Operating Agreement, TA Holding is our sole member and TA Holding's liability is limited to the fullest extent permitted by law. In any fiscal year our profits or losses and distributions, if any, shall be allocated to TA Holding pursuant to the terms of the Operating Agreement.

Franchised Restaurants Activity. As of December 31, 2018, TA's business included 43 standalone restaurants in 14 states in the United States, 41 of which were operated under the QSL brand. TA's business included two QSL branded restaurants located in a travel center as of December 31, 2018. We franchised 27 restaurants and TA operated 16 restaurants under the QSL brand. The following table shows the QSL branded restaurant activity for the years ended December 31, 2018, 2017 and 2016.

	2018	2017	2016
Franchised restaurants - beginning of period[1]	33	39	—
Acquisition of QSL by TA	—	—	40
Franchised openings	—	—	1
Franchised closures	(6)	(2)	(1)
Franchised restaurants purchased by TA	—	(4)	(1)
Franchised restaurants - end of period	27	33	39
TA operated QSL restaurants	16	15	11
Total systemwide QSL restaurants	43	48	50

[1] As of January 1, 2018 and 2017, and March 24, 2016, respectively.

In each of March and May 2018, one of our QSL branded restaurants operated by franchisees closed, in June 2018 three QSL branded restaurants operated by franchisees closed and in December 2018 one QSL branded restaurant operated by a franchisee closed.

In January 2017, TA acquired four franchise restaurants from a franchisee.

In January 2017, one of our franchisees abandoned its business and, as a result, breached their franchise agreement with us. As a result of the breach of their franchise agreement the franchisee paid us $150,000 which was collected in August 2017 and is presented in selling, general and administrative expense for the year ended December 31, 2017.

In June 2017, TA issued a notice of termination to one of our franchisees due to failure to comply under the terms of the franchise agreement. Subsequently the franchisee filed for bankruptcy.

QSL Franchise Systems LLC
Notes to Financial Statements

In June 2016, one of our franchisees abandoned its business and, as a result, breached their franchise agreement with us. On August 8, 2016, we filed a complaint against the franchisee alleging, among other things, that the franchisee owed us damages. The franchisee denied these allegations. On February 1, 2017, we reached an agreement with the franchisee to settle these claims and accepted a settlement of $100,000 for damages which was collected in February 2017 and is presented in selling, general and administrative expenses for the year ended December 31, 2017.

Basis of Presentation. The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Expenses incurred related to the administrative support provided by TA have not been allocated to us or reflected in these financial statements. If we operated as a standalone entity, our results could differ materially from those presented in these financial statements. See Note 5 for more information about our relationship with TA.

Subsequent Events. We have evaluated subsequent events through April 1, 2019, which date represents the date the financial statements were available to be issued.

2. Significant Accounting Policies

Revenue Recognition. Revenues consist primarily of franchise royalties, initial and renewal franchise fees, advertising fees and area development fees. See Note 3 for more information about our revenues.

Franchise Receivables. We record franchise receivables at the contracted amount. We also record an allowance for doubtful accounts based on our best estimate of uncollectible franchise receivables. We base the allowance on historical payment patterns, aging of franchise receivables, periodic review of franchisees financial condition and actual write off history. As of December 31, 2018, there was no allowance for doubtful accounts. There was an allowance for doubtful accounts of $161,537 at December 31, 2017.

Intangible Assets. We amortize the recorded costs of intangible assets with definite lives on a straight line basis over their estimated remaining lives, principally the terms of the related franchise agreements. See Note 4 for more information about our intangible assets.

Impairment. We assess intangible assets with definite lives for impairment annually or whenever events or changes in circumstances warrant a revision to the remaining period of amortization. For 2018, definite lived intangible assets were assessed using a qualitative analysis that was performed by assessing certain trends and factors, including actual sales, collection of royalty revenue, the franchise receivables balance relating to royalty revenue due to us from franchised locations and any changes in the manner in which the assets were used that could impact the value of the asset. During 2018 and 2017, we did not record any impairment charges related to our definite lived intangible assets.

Advertising Costs. Costs incurred in connection with advertising are expensed as incurred. All franchise and TA operated restaurants are required to contribute 0.75% of weekly sales to an advertising fund. Under our franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing and related activities. Advertising expenses, which are included in selling, general and administrative expenses in our statements of income, were $1,267,483, $871,192 and $692,791 for the years ended December 31, 2018 and 2017, and for the period ended December 31, 2016, respectively.

As of the balance sheet date, contributions received may not equal advertising expenditures due to the timing of advertising promotions. To the extent that contributions exceed advertising expenditures, the excess contributions are accounted for as an advertising fund payable in current liabilities. There was no advertising fund payable at December 31, 2018. Our advertising fund payable at December 31, 2017, was $678.

Income Taxes. We are not subject to federal income taxes but are subject to state income taxes in certain jurisdictions that do not recognize our federal disregarded entity status. Results of operations are allocated to TA Holding pursuant to the terms of the Operating Agreement and reported by TA Holding on its federal and state income tax returns, where applicable. The taxable income allocated to TA Holding in any one year generally varies substantially from income for financial reporting purposes due to differences between the periods in which such items are reported for financial reporting and income tax purposes.

Reclassifications. Certain prior year amounts have been reclassified to be consistent with the current year presentation.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update, or ASU, 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09, which established a comprehensive revenue recognition standard under GAAP for almost all industries. We adopted ASU 2014-09 on January 1, 2018, using the full retrospective method, which required that we restate our financial statements for prior year comparative periods. The implementation of this standard impacted the accounting for our initial and renewal franchise fees and advertising fees collected from franchisees.

Initial and Renewal Franchise Fees. Prior to the adoption of ASU 2014-09, we recognized initial franchise fees as revenue at the time the franchisee opened for business, which is when we had fulfilled our initial obligations under the related franchise agreement, and recognized renewal franchise fees at the time the franchisee's renewal period began. Initial and renewal franchise fees are now recognized as revenue over the term of the related franchise agreement, which is the period the customer benefits from use of the franchised rights. The adoption of the new standard resulted in an increase in deferred revenue of $28,172 as of December 31, 2017, and a reduction of royalties and franchise fees revenues of $28,172 for the year ended December 31, 2017.

Advertising Fees. Prior to the adoption of ASU 2014-09, we recognized advertising fees collected as a reduction of the related advertising expenses incurred. We now recognize these advertising fees as revenue. The adoption of the new standard for these advertising fees resulted in a reclassification from selling, general and administrative expenses to royalties and franchise fees revenues of $871,192 and $692,791 for the year ended December 31, 2017, and for the period ended December 31, 2016, respectively.

3. Revenue

Royalty Revenues. Royalty revenues are recognized when earned and collectability is reasonably assured. Royalties range from 4% to 5% of the weekly sales of each franchised restaurant. Fees collected in advance are deferred until earned.

Advertising Fees Revenues. Franchisees are required to make additional payments to us as contributions for QSL brand wide advertising, marketing and promotional expenses we incur. We collect advertising fees as a percentage of weekly sales. These advertising fees were $743,336, $871,192 and $692,791 for years ended December 31, 2018 and 2017, and for the period ended December 31, 2016, respectively, and are recognized as royalties and franchise fees revenues in our statements of income.

Franchise Fees Revenues. Initial franchise fees are recognized as revenue over the term of the related franchise agreement, which is the period the customer benefits from use of the franchise rights. Initial franchise fees are $40,000 per restaurant and are due from the franchisee at the time the franchisee joins the network. A franchisee may pay a renewal franchise fee to renew its franchise for an additional term, generally for a term of 10 years on the terms then being offered to prospective franchisees at the time of the franchise renewal. Renewal franchise fees are nonrefundable. During the years ended December 31, 2018 and 2017, we collected renewal franchise fees totaling $20,000 and $30,000, respectively, and did not collect any initial franchise fees. During the period ended December 31, 2016, we did not collect any initial or renewal franchise fees.

Area Developmental Fees Revenues. Area development fees are recognized as revenue over the term of the area development agreement. Area development agreements require the franchise to open a specified number of restaurants in the applicable area within specified time periods, or we may cancel the agreements. The area development fees are $20,000 per restaurant and are nonrefundable. During the years ended December 31, 2018 and 2017, and the period ended December 31, 2016, we did not collect any area development fees.

Disaggregation of Revenue

Our royalties and franchise fees revenues consisted of the following revenues for the years ended December 31, 2018 and 2017, and for the period ended December 31, 2016.

	Year Ended December 31,		Period Ended December 31,
	2018	2017	2016
Royalty revenues	$ 3,138,187	$ 3,871,407	$ 3,325,845
Advertising fees revenues	743,336	871,192	692,791
Franchise fees revenues	3,000	1,828	—
Total revenues	$ 3,884,523	$ 4,744,427	$ 4,018,636

Contract Liabilities

Our contract liabilities, which are presented on our balance sheets in other current liabilities and deferred revenue, include the deferred revenue related to our initial and renewal franchise fees. The following table shows the changes in our contract liabilities between periods.

	Franchise Fees
December 31, 2016	$ —
Renewal franchise fees collected	30,000
Revenue recognized	(1,828)
December 31, 2017	28,172
Renewal franchise fees collected	20,000
Revenue recognized	(3,000)
December 31, 2018	$ 45,172

As of December 31, 2018, the deferred initial and renewal franchise fees revenues expected to be recognized in future periods ranges between $3,000 and $5,000 for each of the years 2019 through 2023.

4. Intangible Assets

Intangible assets, net, as of December 31, 2018 and 2017, consisted of the following:

	December 31, 2018		
	Cost	Accumulated Amortization	Net
Agreements with franchisees	$ 6,430,000	$ (1,477,918)	$ 4,952,082

	December 31, 2017		
	Cost	Accumulated Amortization	Net
Agreements with franchisees	$ 7,730,000	$ (1,136,914)	$ 6,593,086

Total amortization expense for intangible assets for the years ended December 31, 2018 and 2017, and for the period ended December 31, 2016, were $1,641,004, $1,522,832 and $834,082, respectively. We amortize our intangible assets over the terms of the underlying contract; the weighted average life of the franchise agreements is approximately 12 years. The aggregate amortization expense for our intangible assets as of December 31, 2018, for each of the next five years is:

	Total
2019	$ 474,398
2020	459,277
2021	452,484
2022	452,484
2023	452,484

In each of March and May 2018, one of our franchisees closed, in June 2018 three of our franchisees closed and in December 2018 one of our franchisees closed. The unamortized intangible assets of the related franchise agreements totaled $1,086,237, which was charged to amortization expense during the year ended December 31, 2018.

In January 2017, TA acquired four franchise restaurants from a franchisee. The unamortized intangible assets of the related franchise agreements totaled $462,691, which was charged to amortization expense during the year ended December 31, 2017.

In each of January and June 2017, two of our franchisees closed. The unamortized intangible assets of the related franchise agreements totaled $404,583, which was charged to amortization expense during the year ended December 31, 2017.

In June 2016, one of our franchisees closed. The unamortized intangible asset of the related franchise agreement was $267,379 and was charged to amortization expense during the period ended December 31, 2016.

See Note 1 for more information about the franchisees acquired and closed during the period.

5. Related Party Transactions

The trademarks, service marks, trade names, commercial symbols and systems and techniques used in the operation of a QSL branded restaurant are owned by TA. TA has licensed the intangible property to us, at no cost, for use and sublicense to others. We have no employees or depreciable tangible assets.

Due from Affiliate, Net. TA provides cash management services to us, including the collection of franchise receivables and the payment of expenditures for advertising. These amounts are netted and reflected as due from affiliate, net on our balance sheets. Upon any liquidity requirements, these amounts owed from TA may be collected.

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

FRANCHISOR:

DEVELOPER:

Name:__________________________________
Address: ________________________________
____
____

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EXHIBITS:

QUAKER STEAK & LUBE®
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement"), made and entered into this ____ day of ____________________, 201__ (the "Agreement Date"), by and between [____________________________________], a ________________________________, with its principal business address at ____ ("**XYZ**") and ____, a ____ whose principal business address is ____ ("Developer"). For purposes of this Agreement, "we", "us" or "our" means XYZ, and its successors and assigns. "You", "your" or "yourself" means the Developer named above, and any or all of its shareholders, limited liability company members, partners and Principal Owners. "Person" means a natural person, corporation, partnership, limited liability company, sole proprietorship, joint venture, association, trust, estate, unincorporated organization, cooperative or other entity. "Affiliate" means with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person at any time during the period for which the determination of affiliation is being made.

BACKGROUND

A. XYZ is licensed the right to use a number of trademarks and service marks (the "Proprietary Marks") and is a franchisor of a system of restaurants ("XYZ Restaurants"), featuring a varied menu of ____ (the "**XYZ System**").

B. Developer desires the right to develop, own and operate XYZ Restaurants under the XYZ System in a defined geographic area under a development schedule set forth in this Agreement. XYZ is willing to grant such rights in accordance with the terms of this Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants and promises herein contained and for other good and valuable consideration, acknowledged by each of them to be satisfactory and adequate, and each of said parties intending to be legally bound hereby, agree as follows:

1. GRANT OF AREA DEVELOPMENT RIGHTS.

1.1 Grant of Area Development Rights.

(a) Subject to the terms of this Agreement, we hereby grant development rights to you, and you accept the obligations and rights to develop XYZ Restaurants in the Development Area set forth in Exhibit "A" pursuant to the Development Schedule set forth on Exhibit "B" (the "Area Development Rights").

(b) Except for your rights described in Section 1.3 below, the Area Development Rights granted to you under this Agreement are non-exclusive. We, in our sole discretion, have the right to grant other licenses in and to the Proprietary Marks, to grant others the right to open XYZ Restaurants, to grant other area development rights, and to develop and license other names and marks, both within and outside of your Development Area, on any such terms and conditions as we deem appropriate.

(c) You acknowledge and agree that you have no rights to develop or operate XYZ Restaurants outside of your Development Area.

(d) Each XYZ Restaurant must be established and operated pursuant to a separate franchise agreement. Our current form of franchise agreement is attached hereto as Exhibit C and incorporated herein by reference (the "Franchise Agreement").

1.2 Development Area. The Area Development Rights granted to you are limited solely to the Development Area.

1.3 Development Schedule. Recognizing that TIME IS OF THE ESSENCE, you hereby acknowledge and agree that your Area Development Rights are expressly conditioned upon the establishment and continuous operation of a minimum number of XYZ Restaurants within the Development Area. Subject to Section 1.4, so long as you meet the Development Schedule we will not open ourselves or grant any other person the right to operate a XYZ Restaurant in the Development Area. Failure to comply with the Development Schedule shall be a default under this Agreement and cause for termination of your Area Development Rights as provided in Section 7.2 hereof.

1.4 Rights Reserved by Us. The rights granted to you under this Agreement are non-exclusive. You understand and expressly acknowledge and agree:

(a) that we reserve at our sole option the right to operate ourselves or grant others the right to operate XYZ Restaurants anywhere outside the Development Area on such terms and conditions as we, in our sole discretion, deem appropriate;

(b) to sell, and provide the Products and Menu Items authorized for sale by XYZ Restaurants under the Proprietary Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels which are not accessible by a XYZ Restaurant (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of your Development Area and pursuant to such terms and conditions as we consider appropriate;

(c) to establish, own or operate a XYZ Restaurant which uses the Proprietary Marks at any or adjacent to any ________________________________ owned or operated by our Affiliates, both within and outside of your Development Area;

(d) to establish, own or operate a XYZ Restaurant which uses the Proprietary Marks at any __________________________ owned or operated by our Affiliates, both within and outside of your Development Area;

(e) to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, an Ancillary Facility at any location whether within or outside of your Development Area;

(f) to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, any business within the Development Area under any name, mark or trade dress, other than the Proprietary Marks;

(g) to merge, acquire, enter into a joint venture or otherwise Affiliate with any existing franchise system or business, whether competitive or not;

(h) to operate any other franchise system or business for the same, similar or different Products and Menu Items under any name or mark, and to grant franchises and licenses without providing you any additional rights;

(i) the right to use any of our Affiliates' resources, including programs, services and personnel, that we deem appropriate in our sole discretion.

1.5 **Principal Owners Guaranty**. An "Owner" for purposes of this Agreement is defined as each Person holding direct or indirect, legal or beneficial Ownership Interests in you or this Agreement. "Ownership Interests" for purposes of this Agreement is defined to mean in relation to (i) a corporation, the legal or beneficial ownership of shares in the corporation; (ii) a partnership, the legal or beneficial ownership of a general or limited partnership interest; (iii) a limited liability company, the legal or beneficial ownership of units or membership interests in the limited liability company; or (iv) a trust, the ownership of a beneficial interest of such trust. A "Principal Owner" for purposes of this Agreement is an owner which

(a) is a general partner in you; or

(b) has a direct or indirect equity interest in you of ten percent (10%) or more (regardless of whether such owner is entitled to vote therein); or

(c) is designated as a Principal Owner in Exhibit "D" of this Agreement.

All of your Principal Owners must be disclosed on Exhibit "D" to this Agreement.

1.6 **Term of Agreement**. This Agreement commences on the Agreement Date and expires the earlier of: (i) the last day of the Development Schedule, or (ii) opening of the last XYZ Restaurant specified in the Development Schedule.

2. FEES.

2.1 **Development Fees**. You agree to pay us a Development Fee of $20,000 multiplied by the total number of XYZ Restaurants to be developed within the Development Area pursuant to the Development Schedule, plus $40,000 due as the initial franchise fee for the first XYZ Restaurant to be developed under this Agreement, to be paid upon your execution of this Agreement. The Development Fee shall be fully earned by us, when paid is non-refundable and is being paid in consideration of lost development opportunities.

2.2 **Initial Franchise Fees**. In addition to the Development Fee, you will pay an initial franchise fee for each Restaurant you open. The amount of the initial franchise fee set forth in the Franchise Agreement that is executed for each Restaurant. For the first Restaurant to be developed under this Agreement, the initial franchise fee is due upon signing of this Agreement. The Franchise Fee shall be fully earned by us when paid, and is non-refundable for any reason.

2.3 **Extension Fee**. In the event you do not meet the Development Schedule and if you are otherwise in compliance with this Agreement and any Franchise Agreements, you may request approval of a one-time extension, not to exceed 90 days, of the date a XYZ Restaurant is to be developed pursuant to the Development Schedule for a maximum of three XYZ Restaurants (one 90 day extension per XYZ Restaurant). You must pay us a non-refundable area development extension fee ("Area Development Extension Fee") of $__________ per XYZ Restaurant for the second and third extension requested by you at the time you requests the extension. There is no Area Development Extension Fee for the first extension. The Development Extension Fee is in addition to the Development Fee and the Initial Franchise Fee for each XYZ Restaurant.

3. GRANT OF DEVELOPMENT RIGHTS.

3.1 **Development Plan**. The following are conditions precedent before you may develop each XYZ Restaurant. At the time you request approval of a proposed site for each XYZ Restaurant, you must satisfy the operational, financial and training requirements, set forth below:

(a) Operational: (1) You must be in substantial compliance with the material terms and conditions of this Agreement and all of your Franchise Agreements. For each XYZ Restaurant you operate, you must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement); (2) You must have prepared, submitted, and be in substantial compliance with a written management, development and training plan (the "Development Plan"), which has been reviewed and approved by us. No franchise will be granted under this Agreement unless you are in substantial compliance with the material provisions of the approved Development Plan. We will determine if you are in substantial compliance with the Development Plan by conducting periodic audits of your management, development, training and restaurant opening procedures. A report of the audit will be presented to you within ten (10) days of completion of the audit. The report may identify areas where you are not in substantial compliance with the Development Plan. The report will provide you with the procedures and actions necessary to bring you in substantial compliance with the Development Plan.

(b) Financial: You must satisfy our then-current financial criteria for developers and Principal Owners with respect to your operation of your existing XYZ Restaurants, if any, and the proposed XYZ Restaurant. You must be in compliance and not been in default during the 12 months preceding your request for approval, of any of your monetary obligations to us or our affiliates under any Franchise Agreement granted under this Agreement.

(c) Training: You must designate and establish during the development of XYZ Restaurants under this Agreement a XYZ Restaurant to be utilized by you as an approved training facility within 120 days from the opening of your third Restaurant opened under this Agreement, (the "Training Restaurant"), in compliance with our reasonable requirements. Your approved certified Training Restaurant will provide comprehensive training for you and your employees and management staff and will provide training for your trainers, in compliance with our requirements. You will be responsible for establishing and maintaining a training program to comprehensively train its trainers in compliance with our requirements. We will provide the initial and ongoing training and the materials necessary to establish the Training Restaurant. The Training Restaurant must be approved and certified by us as being in compliance with our requirements for a Training Restaurant. Our Training Program and Certification Procedures must be followed and used under the guidance of Training Department.

3.2 **Franchise Agreement**. You must enter into our then-current form of Franchise Agreement for each XYZ Restaurant, and your guarantors must personally guaranty your obligations under them pursuant to our then-current forms of Principal Owners Guaranty. You understand and agree that any and all individual Franchise Agreements executed by you and us for XYZ Restaurants within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises between this Agreement and any Franchise Agreement, the Franchise Agreement shall control and has precedence and superiority. No XYZ Restaurant may be opened or operated by you under any circumstances until the required fees have been paid and the Franchise Agreement for such location has been executed by us. We shall be under no obligation to execute and issue a Franchise Agreement if you are in breach or default of any other Franchise Agreement between us and you. In addition, we shall be under no obligation to execute and issue any Franchise Agreement unless you have complied in a timely manner with all terms and conditions of this Agreement and have satisfied all requirements set forth herein with respect to the pertinent site.

3.3 **Restaurant Closings**. If during the term of this Agreement, you cease to operate any XYZ Restaurant developed under this Agreement for any reason, you must develop a replacement XYZ Restaurant to fulfill your obligation to have open and in operation the required number of XYZ Restaurants upon the expiration of each Development Period. The replacement XYZ Restaurant must be opened and operating within six months, after you cease to operate the XYZ Restaurant to be replaced. If, during the term of this Agreement, you, in accordance with the terms of any Franchise Agreement for a XYZ Restaurant developed under this Agreement, transfer your interests in that XYZ Restaurant, a transferred XYZ Restaurant shall continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as XYZ Restaurant. If the transferred XYZ Restaurant ceases to be operated as a XYZ Restaurant, it will not count toward your compliance with the Development Schedule.

4. PROPRIETARY MARKS.

4.1 You acknowledge that you have no interest in or to the Proprietary Marks and your right to use the Proprietary Marks is derived solely from the individual Franchise

Agreements entered into between you and us for the purpose of operating XYZ Restaurants. You agree that all usage of the Proprietary Marks by you and any goodwill established exclusively benefits us. You agree that after termination or expiration of this Agreement, you will not, except with respect to XYZ Restaurants operated by you under individual Franchise Agreements, directly or indirectly, at any time or in any manner identify itself or any business as a developer or former developer of, or otherwise associated with, us or use in any manner or for any purpose any Proprietary Mark or other indicia of a XYZ Restaurant or any colorable imitation.

4.2 You must not use any Proprietary Mark as part of any corporate or trade names or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may you use any Proprietary Mark in connection with any business or activity, other than the business conducted by you under Franchise Agreements entered into between you and us, or in any other manner not explicitly authorized in writing by you.

4.3 You must immediately notify us in writing of any apparent infringement of or challenge to your use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or similar trade name, trademark, or service mark of which you become aware. You must not communicate with any person other than us regarding any infringement, challenge or claim. We have sole discretion to take action we deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Proprietary Mark.

5. CONDITIONS OF TRANSFER OF INTEREST

5.1 **Transfer by You**. You understand and acknowledge that the rights and duties set forth in this Agreement are unique to you, and are granted in reliance upon the business skill, financial capacity and personal character of you and each of your Principal Owners. Therefore, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls you, will sell, assign, transfer, convey, sublease, pledge, mortgage or otherwise encumber the following without our prior written consent:

(a) the Area Development Rights granted herein;

(b) any right or interest created by this Agreement;

(c) any of your Ownership Interests including interests held by a Principal Owner; or

(d) this Agreement.

5.2 **Requirements of Transfer**. The Area Development Rights granted herein may not be divided or otherwise segregated and sold or transferred by you. If we have elected not to exercise any right of first refusal with respect to such transfer, we will not unreasonably withhold our consent to a transfer of the Area Development Rights or any ownership interests in you provided that you will have complied with the provisions of this Section 5 and that all of the following conditions are met prior to the time of the proposed transfer:

(a) All of your accrued monetary obligations to us must have been satisfied;

(b) Your right to receive compensation will be subordinated and secondary to obligations owed to us or other outstanding obligations due to us from the transferor, or you;

(c) You must have executed a general release, in a form satisfactory to us, of any and all claims against us and our respective officers, directors, shareholders, Affiliates, representatives, agents and employees, in their corporate and individual capacities;

(d) The transferee must enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement;

(e) You (or transferee) must pay us a transfer fee of $10,000; and

(f) The transferee must demonstrate to our satisfaction that it meets our educational, managerial and business standards, possesses good aptitude, moral character, business reputation and ability as may be evidenced by prior related business experience or otherwise; and has adequate financial resources and capital to comply with all obligations, as required by this Agreement. You must provide us with such information as we may require in our then-current application form, in order to make such determination concerning each proposed transferee. We may reasonably object to a proposed transferee if the proposed transfer would harm the us, the Proprietary Marks or the proposed transferee is operating any business which is a Competitive Business, or place us at a competitive disadvantage with respect to the proprietary information.

5.3 **Our Written Consent**. Any purported assignment, transfer, conveyance or encumbrance of the Area Development Rights, any right or interest created herein, any Ownership Interests in you, or this Agreement, without our prior written consent, will be null and void, and will result in termination of this Agreement, as set forth below in Section 7.2 hereof.

5.4 **Non-Waiver by Us**. Our consent to a transfer of any interest granted herein will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our rights to demand exact compliance with any of the terms of this Agreement by the transferee.

5.5 **Intra-Corporate Non-Controlling Transfer**. Your principals including your Principal Owners may agree among themselves as to the purchase of a principal's interest in you. A transfer of a minority interest in you (whether voting stock, securities convertible thereto, partnership or proprietary interests) pursuant to such an agreement will not be subject to the terms and conditions applicable to a lifetime transfer set forth in this Section 5; provided, however, that any Ownership Interests of the transferring principal of you is not to be transferred to a party not having any Ownership Interest in you immediately prior to the transfer.

5.6 Transfer by Us. We have the right in our absolute discretion to transfer or assign this Agreement, including all or any part of its rights and obligations hereunder, to any Person.

6. RIGHT OF FIRST REFUSAL.

6.1 Notice. If any party holding any interest in you, including a Principal Owner thereof, in this Agreement, in your business, or in substantially all of the your assets (the transfer of which interest would have the effect of transferring this Agreement, a controlling interest in you, your business, or in substantially all of your assets), or if you desire to accept any *bona fide* offer from a third party to purchase such interest, you must notify us in writing of the terms of such offer, and must provide such information and documentation relating to the offer as we may require.

6.2 Right to Match Offer. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to you that we intend to purchase seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase such interest, no material change in any offer and no other offers by a third party for such interest must be considered with respect to our right of first refusal. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase by us.

6.3 New Offer. In the event that we have elected not to purchase the seller's interest, any material change in the terms of any offer prior to closing by any third party must constitute a new offer subject to the same rights of first refusal by us to exercise the option afforded by this Section 9.

6.4 Consideration and Appraisal. In the event the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest in your business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser must be designated by mutual agreement of us and you, and his or her determination will be binding. If we and you cannot agree upon the selection of a single appraiser, then each party will designate one (1) such appraiser and the two (2) designated appraisers, in turn, will designate a third party appraiser and the determination of the three (3) appraisers will be binding.

7. DEFAULT AND TERMINATION.

7.1 No Cure Period. Except as otherwise provided by applicable law, you will be deemed to be in default under this Agreement, and this Agreement and all rights granted herein will automatically terminate without opportunity to cure and without notice by us to you, in the event that you file any petition in bankruptcy, voluntary or involuntary.

7.2 Optional Cure Period. Except as otherwise provided by applicable law, you will be deemed in default under this Agreement and we may, at our option, terminate this Agreement and all rights granted herein without affording you any opportunity to cure the default, with such termination to be effective immediately upon the sending of the notice of termination to you as set forth in the notice provisions of Section 10 hereof, upon the occurrence of any of the following events:

(a) If you fail to meet your obligations under the Development Schedule attached at Exhibit B;

(b) You become insolvent;

(c) You make an assignment for the benefit of your creditors;

(d) You admit in writing your inability to pay your debts generally as they become due;

(e) You suffer temporary or permanently appointed receivership;

(f) You have against you a final judgment which remains unsatisfied for thirty days or longer;

(g) You are convicted of a felony or any other crime or offense that is reasonably likely, in our sole opinion, to adversely effect us, the Proprietary Marks, or the goodwill associated with the Proprietary Marks;

(h) You attempt to, or purport to, transfer any rights or obligations under this Agreement, or otherwise, to any third party, contrary to the terms and provisions of Section 8 hereof; and

(i) You fail to comply with any other covenants and obligations set forth in this Agreement;

7.3 Cure Period and Termination. Except as set forth in Sections 7.1 and 7.2 hereof, and except as otherwise provided by applicable law, you will have thirty (30) days after your receipt in any manner set forth in Section 10 hereof from us of a written notice of default within which to remedy a default of any of the terms of this Agreement, as set forth in such written notice of default, and provide written evidence thereof to our satisfaction.

If any such default is not cured within this thirty (30) day period (or such longer period as applicable law may otherwise require), we may, at our option, terminate this Agreement and all rights granted herein without affording you any further opportunity to cure the default, with such termination to be effective immediately upon the sending of the notice of termination to you in any manner set forth in Section 10 hereof.

7.4 Existing XYZ Restaurants. Upon termination of this Agreement, you shall have no right to establish or operate any new XYZ Restaurants. You remain obligated, however, to fulfill your contractual obligations with respect to the then-existing Franchise Agreement for XYZ Restaurants.

8. **OBLIGATIONS UPON TERMINATION; COMPETITION COVENANT**.

8.1 Your Obligations. Upon the termination of this Agreement by either you or us, by operation of law, or upon expiration of this Agreement because of lapse of time, this Agreement and all rights granted herein to you will automatically terminate. Upon termination, your obligations are as follows:

(a) Your Area Development Rights promptly cease and you are prohibited thereafter from either directly or indirectly representing yourself to the public, or to any person, that you are a developer.

(b) You shall promptly and permanently cease to use, by advertising or in any other manner, the trademarks, trade names, service marks, signs, structures, and other forms of advertising indicia as a developer, including all materials and articles displaying the Proprietary Marks.

(c) You shall promptly pay all sums owing to us and any Affiliates. You shall also pay all damages, costs and expenses, including attorney's fees, incurred directly by us as a result of a default by you, including all fees and costs in obtaining injunctive or other relief for the enforcement of your obligations hereunder.

8.2 Competition Covenant.

(a) Non-Compete Covenants. You and your Owners agree that, during the Term of this Agreement and, for a period of two (2) years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners will:

(i) have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial Owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating:

(A) within the Development Area;

(B) within ten (10) miles of any other XYZ Restaurant (franchised or otherwise, including Ancillary Facilities) in operation or which is under construction and granted the right to operate in such area on the later of the effective date of the termination or expiration of this Agreement or the date on which a Person restricted by this Section complies with this Section.

(ii) lease, license or otherwise permit any of your XYZ Restaurants, or any portion of them, to be used or occupied by a Competitive Business.

"Competitive Business" means business which prepares, offers and sells as a primary menu item ____________________________ business which looks, copies, imitates, or operates in a manner similar to a ______________________________________, including but not limited to, a restaurant with similar trade dress or décor, or a restaurant utilizing a motor theme in a casual dining concept.

If any Person restricted by this Section 8.2(a) refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of a court order if necessary, enforcing this provision. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

(b) Covenant Not to Solicit. You and your Owners agree that, during the Term of this Agreement and for a period of two years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners will entice or induce or in any manner influence any Person, who is or was within the preceding 24 months in our or our Affiliates' employ or provides service to us or our Affiliates, to leave such employ or discontinue such service. You and your Owners agree that you will not: (i) interfere or attempt to interfere with our or our Affiliates' relationships with any vendors or consultants; or (ii) engage in any other activity which might injure the goodwill of the Proprietary Marks or the XYZ System.

(c) During the term of this Agreement and for a period of eighteen (18) months following termination of this Agreement for any reason, you may not directly or indirectly, be employed by, advise, assist, own, license, engage in, operate, purchase, invest in, franchise, lend money to or have any other interest in, whether financial or otherwise, any other business, wherever located, which is a Competitive Business, defined as any retail outlet or wholesale business that sells the Products or Menu Items within the Development Area.

9. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

9.1 Independent Contractor. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between or among them, that you will be an independent contractor, and that nothing in this Agreement is intended to constitute or construe you as an agent, legal representative, subsidiary, joint venturer, partner, Affiliate, employee or servant of us for any purpose whatsoever. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we will in no event assume liability for, or be deemed liable hereunder, as a result of, any such action, or by reason of any act or omission of you, your employees or agents, in your conduct pursuant to this Agreement.

9.2 Your Indemnification. If we or our Affiliates (collectively, "Indemnified Parties"), including assigns, subsidiaries, officers, directors, employees, agents or successors are subject to any claim, demand, penalty, or become a party to any suit or other judicial or arbitration or administrative proceeding or investigation (whether formal or informal), or enter into any settlement, by reason of any claimed act or omission by you, your current or former employees, your officers or directors, or agents, by reason of any act or omission with respect to (i) your Area Development Rights or (ii) any XYZ Restaurant operating in your Development Area, you shall indemnify, defend, and hold the Indemnified Parties, and each of their respective assigns, subsidiaries, officers, directors, employees, agents and successors harmless against all judgments, arbitration awards, pre-suit investigation costs, settlements, penalties and expenses, including attorneys' fees, court costs, and other expenses of the litigation, arbitration, or administrative proceeding. You must give us notice of any action, suit, proceeding, claim, demand, inquiry, or investigation as soon as possible. We may voluntarily, but under no circumstances are we obligated to, assume the defense or settlement of the proceeding or claim. The Indemnified Parties have the sole discretion to choose its own attorneys, and to consent to judgment or agree to settlement.

10. <u>NOTICES</u>. All notices permitted or required under this Agreement must be in writing and will be deemed delivered:

(a) at the time delivered by hand;

(b) 1 business day after being placed in the hands of a nationally recognized commercial airborne courier service for next business day delivery; or

(c) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us:

Attention: [Director of Franchising]

with a required copy to:

Attention: General Counsel

If to You: ________________________________

____

____

Attention: ________________________

Either you or we may change the address for delivery of all notices and reports by notice given in the manner set forth above.

11. <u>ENFORCEMENT</u>.

11.1 <u>Severability; Substitution of Valid Provisions</u>. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This

Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any of our XYZ System Standards are invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

11.2 Waivers. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

11.3 Limitation of Liability; Force Majeure. Neither of the parties will be liable for loss or damage, nor be in breach of this Agreement, if failure to perform results from a Force Majeure Event. Any delay resulting from a Force Majeure Event extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

11.4 Approval and Consents. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

11.5 Waiver of Punitive Damages. YOU AND WE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY (INCLUDING ANY CLAIMS AGAINST OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), AS TO ANY ACTION, SUIT OR CLAIM (WHETHER IN COURT OR BEFORE ANY OTHER TRIBUNAL) THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THIS FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT. NOTWITHSTANDING THE ABOVE, OUR AFFILIATES AND WE ARE ENTITLED

TO PUNITIVE AND EXEMPLARY DAMAGES, AND ANY OTHER RIGHTS AND REMEDIES PROVIDED BY LAW, FOR UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION.

11.6 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE PROPRIETARY MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT RIGHTS TO TERMINATE THIS AGREEMENT IN ANY WAY.

11.7 Governing Law. IN ANY ACTION, SUIT, OR CLAIM BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION, OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, ONLY _____________ LAW, INCLUDING ___________ STATUTES OF LIMITATION AND REPOSE, WILL APPLY TO ALL CLAIMS ASSERTED, WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.

11.8 Jurisdiction. YOU CONSENT TO VENUE AND PERSONAL JURISDICTION IN ALL LITIGATION OR ARBITRATION BROUGHT BY US OR OUR AFFILIATES AGAINST YOU, WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENT WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, IN THE FOLLOWING COURTS: (A) THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS, AND, (B) THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.

11.9 Venue. YOU AGREE THAT IN ALL LITIGATION BROUGHT AGAINST US, OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, ARBITRATION OR OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES, FOR ANY REASON THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, SUCH ACTION WILL BE BROUGHT AND VENUE WILL BE PROPER ONLY IN THE FOLLOWING COURTS AND NO OTHERS: (A) FOR CASES WHERE FEDERAL JURISDICTION WOULD NOT EXIST IF THE CASE WERE BROUGHT IN FEDERAL COURT, THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS; AND, (B) FOR ALL OTHER CASES, THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.

11.10 Waiver of Jury Trial. IN ANY ACTION OR SUIT BROUGHT BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), THAT IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO SUCH RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, YOU AND WE AGREE THAT IN THE EVENT THAT SUCH ACTION IS RESOLVED THROUGH A COURT PROCEEDING, SUCH ACTION WILL BE TRIED TO A COURT WITHOUT A JURY.

11.11 Arbitration.

(a) Except as otherwise specified in this Section 11.11, all controversies, claims or disputes between you and us of whatever kind or nature, whether arising out of or relating to the negotiation, performance or breach of this or any other agreement or otherwise, must be settled by arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules, as herein modified. This provision encompasses all causes of action, whether nominally a "claim", "counterclaim" or "cross-claim", and whether arising under common law or any state or federal statute. As used in this Section 11.11, the terms "us" and "you" include, without limitation, the past and present employees, agents, representatives, officers, directors, shareholders, members, guarantors, sureties, parent corporations, general partners, limited partners, subsidiary corporations, controlled affiliated entities, predecessors, successors and/or assigns of each party hereto. The parties intend that this provision be given the broadest possible interpretation by a court of law.

(b) Arbitration must be initiated within the lesser of the time periods (a) set forth in Section 11.6 below or (b) permitted under the applicable statute of limitations for the cause of action asserted. Any claim, controversy or dispute that is not so initiated within said lesser period shall not be eligible for arbitration under any circumstances. Arbitration shall be initiated as provided in the Rules of the AAA by the filing of a demand for arbitration with the regional office of the AAA located in the city and state located closest to our principal place of business. The arbitration proceedings, including without limitation all conferences, preliminary and dispositive hearings shall be conducted in such city and state unless all parties agree to another venue. Actions to enforce an express obligation to pay moneys may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules, provided there are no counterclaims. The arbitrator(s) may issue such orders for interim relief as may be deemed necessary to safeguard the rights of the parties during the arbitration, but without prejudice to the ultimate rights of the parties, to the final determination of the dispute or to the our rights to seek equitable relief from a court of competent jurisdiction at any time, even during the pendency of any arbitration proceedings initiated hereunder. The arbitrator(s) shall have no authority to award either party attorneys' fees. Nothing herein contained shall bar our right to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

(c) Judgment on the award, including, without limitation, any interim award for interim relief, rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The binding or preclusive effect of any award shall be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind whatsoever.

(d) The Federal Arbitration Act and related federal judicial procedure shall govern this contract to the fullest extent possible, excluding all state arbitration law, irrespective of the location of the arbitration proceedings, the nature of the dispute between the parties or the nature of the court in which any related judicial proceedings may be brought. Except as provided in the preceding sentence respecting arbitration law, the resolution of all disputes between the parties bound hereunder, whether in tort and regardless of the place of injury or the place of the alleged wrongdoing or whether arising out of or relating to the parties' contractual relationship, shall be governed by the law of the State of _______________ without regard to choice of law principles.

(e) Disputes concerning the validity or scope of this Section 11.11, including, without limitation, whether a dispute is arbitrable hereunder, shall be beyond the authority of the arbitrator(s) and shall be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time. In addition, the causes of action specified in the following Section 11.11 are the sole and exclusive exceptions to the agreement of the parties hereto to resolve disputes through arbitration.

(f) We shall have the option to litigate any one or more of the following causes of action and shall exercise said option by filing a complaint in any court of competent jurisdiction:

(i) The enforcement of an obligation to pay money to us or any of our Affiliates under any agreement;

(ii) Any action based upon an allegation of your intentional underreporting of sales;

(iii) Any action for declaratory or equitable relief, including, without limitation, seeking of preliminary and/or permanent injunctive relief, specific performance, other relief in the nature of equity or any action at law for damage to our property or property interests or in equity to enjoin any harm or threat of harm to our goodwill, Proprietary Marks or its tangible or other intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(iv) Any action in ejectment or for possession of any interest in real or personal property.

(g) In the event we litigate any cause of action pursuant to Section 11.11, you shall not file any counterclaim, cross-claim, offset claim or the like against us in the litigation, unless you expressly waive the right to a trial by jury and any and all claims for punitive, multiple and/or exemplary damages, or attorneys' fees or court costs. Otherwise, you shall submit each such counterclaim, cross-claim, offset claim or the like to arbitration.

(h) It is the intent of the parties that any arbitration between us shall be of your individual claim and that no claim subject to arbitration shall be arbitrated on a class wide basis. No party shall initiate or participate in any class action litigation or arbitration claim against any other party bound hereby.

(i) The provisions of this Section 11.11 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

11.12 Injunctive Relief. If you violate any of the covenants described above, we are entitled to preliminary and permanent injunctive relief, without the requirement that we post a bond, and all monies and other consideration you received as a result of any violations of the covenants, as well as all other damages.

11.13 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

11.14 Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

11.15 Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or in any related agreement is intended to disclaim the express representations we made in the franchise disclosure document that we furnished to you.

11.16 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any Person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement with respect to our Affiliates, no other party has any rights because of this Agreement.

11.17 Construction. The headings of the sections are for convenience only. If two or more Persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. All capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

11.18 Time is of the Essence. Time is of the essence in this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

12. ACKNOWLEDGEMENTS.

(a) YOU ACKNOWLEDGE THAT WE AND OUR AGENTS HAVE NOT MADE ANY WARRANTY, OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFIT, INCOME, OR THE LIKELY SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, OR ANY OTHER MATTER. YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION AS TO THIS AGREEMENT AND YOU RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, AND THAT THE SUCCESS OF THIS VENTURE IS LARGELY DEPENDENT UPON YOUR BUSINESS ABILITY, MARKET CONDITIONS AND LAWS AND REGULATIONS. YOU ACKNOWLEDGE THAT OUR ATTORNEYS, ACCOUNTANTS OR OTHER ADVISERS HAVE NOT ADVISED OR REPRESENTED YOU IN CONNECTION WITH THIS AGREEMENT. YOU ACKNOWLEDGE THAT NO PERSON HAS MADE ANY PROMISE OR PROVIDED ANY INFORMATION TO YOU ABOUT PROJECTED SALES, REVENUES, INCOME, PROFITS OR EXPENSES.

(b) YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF US, THE BUSINESS CONTEMPLATED BY

THIS AGREEMENT GENERALLY, AND RECOGNIZE THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS IS PRIMARILY DEPENDENT UPON THE ABILITY OF YOU AS AN INDEPENDENT BUSINESSPERSON AND NOT UPON US. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FURTHER, YOU ACKNOWLEDGE, WARRANT AND REPRESENT TO US THAT NO REPRESENTATION HAS BEEN MADE BY US, OR ANY OF OUR EMPLOYEES, AGENTS OR SALESPERSONS, AND RELIED UPON BY YOU AS TO THE FUTURE OR PAST INCOME, EXPENSES, SALES VOLUME OR POTENTIAL PROFITABILITY, EARNINGS OR INCOME OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

(c) YOU REPRESENT THAT YOU HAVE READ THIS AGREEMENT IN ITS ENTIRETY, AND THAT YOU HAVE BEEN GIVEN THE OPPORTUNITY TO CLARIFY ANY PROVISIONS AND INFORMATION THAT YOU DID NOT UNDERSTAND, AND TO CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISER OF YOUR CHOOSING. YOU FURTHER REPRESENT AND WARRANT THAT YOU UNDERSTAND THE TERMS, CONDITIONS, AND OBLIGATIONS OF THIS AGREEMENT AND AGREE TO BE BOUND BY THEM.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate on the day and year first above written.

FRANCHISOR	**DEVELOPER**
[______________________________]	*[Business Entity Name]*
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT “A”

Development Area

The Development Rights and obligations of Developer to timely develop and XYZ Restaurants shall be within the following Described Area known as the Development Area:

____

____

____

____

____

____

____

FRANCHISOR

[______________________________]

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________

DEVELOPER

[Business Entity Name]

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________

EXHIBIT “B”

Development Schedule

1. **<u>Development Schedule</u>**

Developer agrees to the timely opening of XYZ Restaurants in compliance with the following Development Schedule. Developer further agrees that failure to timely open the XYZ Restaurants in compliance with the Development Schedule shall cause the rights of exclusivity granted Developer regarding the Development Area defined in Exhibit A to be forfeited.

The Development Schedule is as follows:

RESTAURANT #	DATE OF RESTAURANT OPENING (DEVELOPMENT PERIOD)	CUMULATIVE NUMBER OF RESTAURANTS TO BE OPENED AND OPERATING

2. **<u>Forfeiture of Rights of Exclusivity</u>**.

Developer’s failure to comply with the Development Schedule causes the rights of exclusivity to be forfeited.

APPROVED:

FRANCHISOR	**DEVELOPER**
[______________________________]	*[Business Entity Name]*
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	Date: ____________________________

EXHIBIT “C”

Franchise Agreement

EXHIBIT "D"

Principal Owners and Other Owners

1. **Principal Owners**.

Listed below are the full names and mailing addresses of each Person who is a Principal Owner of You, and a description of the nature of such Principal Owner's direct or indirect equity interest in You:

Name: ______________________	Number of Shares Owned in You: __________
	and % of Total Shares in You: __________
Address: ______________________	or
______________________	% of Equity Interest in You: % __________
______________________	or
	Other Ownership Interest in You: __________
Name: ______________________	Number of Shares Owned in You: __________
	and % of Total Shares in You: __________
Address: ______________________	or
______________________	% of Equity Interest in You: % __________
______________________	or
	Other Ownership Interest in You: __________
Name: ______________________	Number of Shares Owned in You: __________
	and % of Total Shares in You: __________
Address: ______________________	or
______________________	% of Equity Interest in You: % __________
______________________	or
	Other Ownership Interest in You: __________
Name: ______________________	Number of Shares Owned in You: __________
	and % of Total Shares in You: __________
Address: ______________________	or
______________________	% of Equity Interest in You: % __________
______________________	or
	Other Ownership Interest in You: __________

2. Other Owners:

Listed below are the full names and mailing address of each Person, other than the Principal Owners, who directly or indirectly owns an equity interest in You and a description of the nature of the interest (attach additional sheet if required):

Name: ____________________	Number of Shares Owned in You: ________ and % of Total Shares in You: ________
Address: ____________________ ____________________ ____________________	or % of Equity Interest in You: % ________ or Other Ownership Interest in You: ________
Name: ____________________	Number of Shares Owned in You: ________ and % of Total Shares in You: ________
Address: ____________________ ____________________ ____________________	or % of Equity Interest in You: % ________ or Other Ownership Interest in You: ________
Name: ____________________	Number of Shares Owned in You: ________ and % of Total Shares in You: ________
Address: ____________________ ____________________ ____________________	or % of Equity Interest in You: % ________ or Other Ownership Interest in You: ________
Name: ____________________	Number of Shares Owned in You: ________ and % of Total Shares in You: ________
Address: ____________________ ____________________ ____________________	or % of Equity Interest in You: % ________ or Other Ownership Interest in You: ________

DEVELOPER

____

____

____

EXHIBIT "E"

State Specific Addenda

STATE OF ILLINOIS

AREA DEVELOPMENT AGREEMENT

ADDENDUM

The **Area Development Agreement** entered into as of the ____ day of _________________, 20___, by ________________________ **("XYZ")** and the undersigned as "Developer" is hereby amended as follows by mutual agreement of the parties in compliance with the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44:

1. Sections 11.7, 11.8, and 11.9 of the Area Development Agreement are hereby amended to include the following:

> "To the extent required by applicable Illinois law, this section shall not in any way abrogate or reduce any rights of the franchisee as specifically provided in the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44 or other applicable Illinois law."
>
> Section 4 of the Illinois Franchise Disclosure Act states that "Any provision in an agreement that designates jurisdiction or venue in a forum outside of this State is void provided that an agreement may provide for arbitration in a forum outside of this State."

2. To the extent required by applicable law, The Area Development Agreement shall be subject also to the applicable provisions of the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44 and other applicable Illinois law.

3. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or other applicable Illinois law is void.

[Signatures on the following page.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of ______________________, 20___.

[____________________________]

By:_______________________________________
Name:
Title

DEVELOPER

By:_______________________________________
Name
Title:

STATE OF MARYLAND

AREA DEVELOPMENT AGREEMENT

ADDENDUM

This Addendum to **Area Development Agreement** is entered into by and between **______________________________ ("XYZ")** and the undersigned as "Developer" to amend said Area Development Agreement as required by the State of Maryland as follows:

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. 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.

4. Any general release required as a condition of renewal, sale, and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum to Area Development Agreement and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of ____________________, 20___.

[________________________]

By:______________________________________
Name:
Title

DEVELOPER

By:______________________________________
Name
Title:

STATE OF MINNESOTA

AREA DEVELOPMENT AGREEMENT

ADDENDUM

This Addendum to Area Development Agreement is entered into by and between **____________________________ ("XYZ")** and the undersigned as "Developer". Pursuant to the requirements of the Minnesota Franchise Disclosure Laws, Chapter 80C.01 to 80C.22, the **Area Development Agreement** (the "Agreement") is amended as follows:

1. Sections 11.7, 11.8, and 11.9 of the Area Development Agreement are hereby amended by the addition of the following language to the original language that appears therein:

> "Minnesota Statutes §80C.21 and Minnesota Rule 2860.4400J prohibit XYZ from requiring litigation to be conducted outside Minnesota. In addition, nothing in the agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the _____day of_____________________, 20___.

[______________________________]

By:_______________________________________
Name:
Title

DEVELOPER

By:_______________________________________
Name
Title:

STATE OF NORTH DAKOTA

AREA DEVELOPMENT AGREEMENT

ADDENDUM

This Addendum to Area Development Agreement is entered into by ______________________________ **("XYZ")** and the undersigned as "Developer" to amend the **Area Development Agreement** (the "Agreement") as required by the State of North Dakota to include the following:

1. Section 8.2 of the Area Development Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   > "Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code and may not be enforceable in the State of North Dakota.**"**

2. Section 11.1 of the Area Development Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   > "Any arbitration hearing will be conducted at a mutually agreed upon location which shall not be remote from the site of franchisee's business."

3. Section 11.5 of the Area Development Agreement is hereby deleted.

4. Section 11.6 of the Area Development Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   "Notwithstanding anything herein to the contrary, the statute of limitation under the laws concerning franchising of the State of North Dakota will apply."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the _____ day of ___________, 20___.

[________________________________]

By:______________________________________
Name:
Title

DEVELOPER

By:______________________________________
Name
Title:

STATE OF RHODE ISLAND

AREA DEVELOPMENT AGREEMENT

ADDENDUM

The **Area Development Agreement** entered into as of the _____ day of ___________________, 20___, by __________________________________ **("XYZ")** and the undersigned as "Developer" is hereby amended as follows by mutual agreement of the parties in compliance with the Rhode Island Franchise Investment Act, Stat. 19-28.1-14.:

1. Any provision of the Area Development Agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____________________, 20___.

[_______________________________________]

By:____
Name:
Title

DEVELOPER

By:____
Name
Title:

STATE OF WASHINGTON

AREA DEVELOPMENT AGREEMENT

ADDENDUM

The **Area Development Agreement** entered into as of the ___ day of _________________ , 20___, by ______________________________ **("XYZ")** and the undersigned as "Developer" is hereby amended as follows by mutual agreement of the parties in compliance with the Washington Franchise Investment Protection Act, RCW §§ 19.100.010 to 19.100.940 (1991) and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act").

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Area Developer Agreement in your relationship with XYZ including the areas of termination and renewal of your area development rights.

2. 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.

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

4. A release or waiver of rights executed by Developer shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Area Development 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 Franchise Act, rights or remedies under the Franchise Act such as a right to a jury trial may not be enforceable.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the ____ day of ______________________, 20___.

[___________________________________]

By:____
Name:
Title

DEVELOPER

By:____
Name
Title:

EXHIBIT C

FRANCHISE AGREEMENT

QUAKER STEAK & LUBE®

FRANCHISE AGREEMENT

FRANCHISOR:

QSL FRANCHISE SYSTEMS LLC
24601 Center Ridge Road
Westlake, Ohio 44145-5634

FRANCHISE OWNER:

Name:________________________________
Address: ______________________________
____
____

____
MAILING ADDRESS OF RESTAURANT:
____
____
____

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EXHIBITS

QUAKER STEAK & LUBE®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is effective as of _________ _______________, 201___ (the "Agreement Date"). The parties to this Agreement are QSL FRANCHISE SYSTEMS LLC, a Maryland limited liability company, with its principal business address at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (referred to in this Agreement as "we", "us" or "our"), and ____, a ____________________ whose principal business address is __________________________ __________________________________ (referred to in this Agreement as "you," "your" or "Franchise Owner").

1. **DEFINITIONS**.

In this Agreement, the following terms have the meanings set forth below:

Term	Definition
Affiliate	With respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person at any time during the period for which the determination of affiliation is being made. For purposes of this definition the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.
Agreement	This Franchise Agreement between you and us.
Agreement Date	Date of this Agreement.
Ancillary Facility	A separate food service facility within a non-traditional area such as an amusement park, fair, stadium, arena, concession trailer, university, college, food court, travel plaza and airport. Ancillary Facility specifically includes but is not limited to an "In-Line QSL Restaurant" at a Petro, TA, or other travel center, or any fuel or convenience store business. Ancillary Facilities typically offer a limited menu and/or over-the-counter service with limited or no table service. Ancillary Facilities are typically under 4,000 square feet.
Approved Suppliers	Those suppliers we designate or approve from time to time (i) to sell you Products, Proprietary Supplies and Operating Assets and (ii) to provide services to you.

Term	Definition
Business Entity	A business entity or organization such as a corporation, partnership, limited liability company, association, trust or unincorporated organization.
Collateral	The Operating Assets, including furniture, fixtures, equipment, supplies, accounts, receivables, inventory, operating assets, records, inventory and all tangible and intangible assets constituting the Restaurant, including the Lease, or real estate constituting the Site and all accessions and replacements (if you or your Affiliate owns the Site).
Competitive Business	Any business which prepares, offers and sells as a primary menu item bone in chicken wings, any business which looks, copies, imitates, or operates in a manner similar to a Quaker Steak & Lube® Restaurant, including but not limited to, a restaurant with similar trade dress or décor, or a restaurant utilizing a motor theme in a casual dining concept.
Computer Systems	The software and hardware equipment we specify that you must utilize in the operation of your Restaurant, which may include internet and intranet networks we establish, inventory systems, proprietary restaurant systems, loyalty systems, fiscal systems and such other computer systems we establish from time to time.
e-commerce	Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, social media sites and apps or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware.
e-names	URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin.
Force Majeure Event	Any delay or failure in the performance of this Agreement, if such delay or failure is due to any cause beyond our or your control, such as but not limited to, transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, government regulations or orders, war,

Term	Definition
	strikes, terrorist attacks, natural disaster or acts of God; or acts or omissions of a similar event or cause.
Franchise	The franchise we grant to you to operate a Restaurant.
Franchise Fee	The nonrecurring and nonrefundable franchise fee you pay us upon signing this Agreement.
Franchise Disclosure Document	The Franchise Disclosure Document or FDD delivered by us to you, if any, in connection with the offer to sell the Franchise.
Franchise Owner	You, one or more Persons, or a Business Entity, as the case may be.
Franchisee	You, one or more Persons, or a Business Entity, as the case may be.
Gross Sales	Gross Sales means the total actual gross charges for all sales to customers of your Restaurant for cash, credit, like-kind exchange or barter, including gift cards, whether these sales are made at or from the Restaurant, or any other location including service charges in lieu of gratuity, and revenue from the operation of vending machines and gaming devices (as permitted by law) located at the Restaurant; net of rebates and refunds. Any amounts that you collect and transmit to state or local authorities as sales, use, or other similar taxes are excluded from the definition of Gross Sales, as are employee discounts not to exceed 10%.
Intranet System	Internet or intranet networks we establish or designate.
Lease Assignment	Our then-current form of Conditional Assignment of Lease Agreement that you and any lessor must sign before entering into a lease for any Site.
Manuals	Our Manuals consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we furnish to franchisees from time to time for use in operating a Restaurant including but not limited to our Confidential Operations Manual.
Marks	Certain trademarks, trade names, service marks, and other commercial symbols used in the operation of the Restaurant including the trade and service marks, and other commercial symbols, including the trade and service marks “Quaker Steak & Lube®” and other associated logos, copyrighted works,

Term	Definition
	designs, trade dress, trademarks, service marks, commercial symbols, and e-names, which will gain or have gained and continue to gain public acceptance and goodwill, and additional trademarks, service marks, e-names, copyrighted works and commercial symbols we may create, use and license in conjunction with the operation of Restaurants.
Menu Items	The menu items we approve for sale at your Restaurant.
Opening Date	The date your Restaurant opens for business.
Operating Assets	All assets, properties and rights, whether tangible or intangible, whether real, personal or mixed, used or usable in the operation of your Restaurant, including but not limited to, fixtures, furniture, equipment, supplies, inventory, personal property, raw materials, computer systems, licenses, authorizations, permits, approvals, contracts, intangible rights, books and records, accounts and accounts receivable.
Owner	Any Person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another Person (or a transferee of this Agreement or an interest in you), including any Person who has a direct or indirect interest in you or this Agreement and any Person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in your revenue, profits, rights or assets.
Ownership Interests	Ownership Interests in relation to (i) a corporation, are the legal or beneficial ownership of shares in the corporation; (ii) a partnership, are the legal or beneficial ownership of a general or limited partnership interest; (iii) a limited liability company, are the legal or beneficial ownership of units or membership interests in the limited liability company; or (iv) a trust, are the ownership of a beneficial interest of such trust.
Person	Any individual or Business Entity.
Personnel	All employees, officers, directors and independent contractors of, employed by, or contracting with you or your Affiliates.
Principal Owner	An Owner who: (i) is a general partner in you; or (ii) has a direct or indirect equity interest in you of ten

Term	Definition
	percent (10%) or more (regardless of whether such owner is entitled to vote therein); or (iii) is designated as a Principal Owner in Exhibit “A” of this Agreement.
Products	The Proprietary Supplies and other products, supplies, materials and equipment that we designate or approve for use by your Restaurant.
Proprietary Supplies	The items you must purchase from our Approved Suppliers and use in operating your Restaurant, which bear any of the Marks including employee clothing, uniforms, stationary, forms, Products, Menu Items and advertising materials.
Protected Area	The geographic area described in Exhibit “C” to this Agreement, if any, in which your territorial protections apply.
Restaurant	The Restaurant, the tax parcel on which the Restaurant is located and the related facilities which offer the Products and Menu Items using our Marks and our QSL System, and operating under this Agreement.
Site	The location of your Restaurant as described in Exhibit “C” to this Agreement.
QSL System	A collection of procedures, policies, standards, specifications, controls and other distinguishing elements for the establishment and operation of Restaurants. The distinguishing characteristics of the QSL System include, without limitation, marks and distinctive business formats; management systems; advertising and promotional programs; methods; procedures; designs; trade dress; standards and specifications; accounting methods; sales techniques; use of approved, proprietary and other products; intellectual property owned or licensed to us; equipment and specifications for authorized equipment and supplies; methods of inventory and operations control; proprietary and other computer systems and certain business practices and policies all of which we (or our Affiliates) may improve, further develop or otherwise modify from time to time.

Term	Definition
QSL System Standards	The mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time to time for the operation of Restaurants and information relating to your other obligations under this Agreement and related agreements.
Tax or Taxes	Federal, state, local or foreign net income tax, alternative or add-on minimum tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA, or FUTA) ad valorem, transfer, franchise, license, excise, severance, stamp, occupation, premium, personal property, real property, capital stock, profits, disability, registration, value added, estimated, customs duties, and sales or use tax, or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed with respect thereto by a governmental authority, whether as a primary obligor or as a result of being a "transferee" (within the meaning of applicable law) of another person or as a result of being a member of an affiliated, consolidated, unitary or combined group.
Term	The period that is 10 years from the Agreement Date.

2. INTRODUCTION.

2.1 The QSL System. We, our predecessors and our Affiliates have expended considerable time, capital, skill and effort in developing the Restaurants and the QSL System. We use, promote and license the Marks in the operation of Restaurants. In order to maintain the goodwill associated with the Marks, all Restaurants must operate as part of our QSL System in accordance with the Manuals and QSL System Standards, all of which we may improve, further develop, or otherwise modify from time to time, in our sole discretion.

2.2 Acknowledgments. You acknowledge and agree that:

(a) you have read this Agreement and if required by applicable law our Franchise Disclosure Document;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Restaurant and to protect and preserve the goodwill of the Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of a Restaurant business may evolve and change over time;

(d) an investment in a Restaurant involves significant business risks;

(e) your business abilities and efforts are vital to the success of the venture and the success or failure of your Restaurant is predominately based on your skills in operating and managing it;

(f) any information you acquire from other QSL System franchisees relating to their sales, profits, margins, costs, labor, return on investment or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(g) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity;

(h) we have advised you to have this Agreement reviewed and explained to you by an attorney; and

(i) you acknowledge the high importance and impact the following on your success: high level of customer service, clean and well-maintained inside and outside, community involvement, networking, local advertising and marketing, safe, comfortable and family-friendly atmosphere.

2.3 Representations. Our approval of your request to purchase a Franchise is made in reliance on all of your representations and warranties. Any violation of these representations or warranties, by you or your owners, or your or your owners' agents or employees, will constitute grounds for immediate termination of this Agreement and any other agreements you have entered into with us or any of our Affiliates. As an inducement to our entry into this Agreement, you represent and warrant to us that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of the Franchise are accurate and complete and that you have made no material misrepresentations or material omissions in obtaining the Franchise;

(b) you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Restaurant and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant in compliance with this Agreement; and

(c) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with all present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority.

2.4 No Warranties. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the QSL System. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture, or of any services, benefits or commitments we are to make available to you are made solely in a Franchise Disclosure Document, if any, delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Restaurant owned by us or our Affiliates or that is not contained in a Franchise Disclosure Document, if any, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in a Franchise Disclosure Document, if any, or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you must: (i) immediately notify us; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

2.5 Your Organization. If you are a Business Entity, you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) that at all times during the Term of this Agreement, your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Owners' Statement will completely and accurately describe all of your Owners and their interests in you. A copy of our current form of Owners' Statement is attached to this Agreement as Exhibit "A";

(d) you and your Owners agree to revise the Owners' Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our prior written approvals, as specifically described in Section 16.2 of this Agreement);

(e) when you sign this Agreement, each of your Principal Owners will sign and deliver to us our standard form of Principal Owner's Guaranty attached to this

Agreement as Exhibit “B”, undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. All Persons that become Principal Owners following the date of this Agreement will promptly execute and deliver to us the Principal Owners Guaranty; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners (including but not limited to articles of incorporation or organization and partnership, operating or shareholder agreements).

3. **GRANT AND TERM**.

3.1 Grant of Franchise. You have applied for a Franchise to own and operate a Restaurant. Reference to the Site in this Agreement includes the Restaurant and reference to the Restaurant includes the Site. Subject to the terms of and upon the conditions contained in this Agreement, we grant you a Franchise to:

(a) operate the Restaurant located only at the Site (and no other locations);

(b) use the Marks in connection with operating the Restaurant;

(c) use the QSL System in the operation of the Restaurant; and

(d) offer through the Restaurant only the Products and Menu Items, and no others.

3.2 Term. The term of the Franchise and this Agreement is the Term. This Agreement may be terminated before it expires, as provided herein.

3.3 Protected Area. So long as you are in compliance with this Agreement, from and after the Agreement Date, we will not grant to others the right to operate a Restaurant from any fixed or permanent location at the Site or within the Protected Area (if any). If no Protected Area is designated in Exhibit “C”, then you have no territorial protection rights for your Franchise.

3.4 Rights We Reserve. We and our Affiliates retain the right in our sole judgment to grant ourselves or grant others the right to do anything that is not expressly granted to you exclusively in this Agreement, including without limitation:

(a) to solicit prospective franchisees and grant other Persons franchises, or other rights to operate Restaurants through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;

(b) to grant licenses or franchises to others to operate Restaurants, or to own and operate Restaurants ourselves or through Affiliates anywhere, except your Protected Area (if any);

(c) to sell, and provide the Products and Menu Items authorized for sale by Restaurants under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels which are not accessible by a Restaurant (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;

(d) to establish, own or operate a Restaurant which uses the Marks at any or adjacent to any Petro, TA or other travel center owned or operated by our Affiliates, within your Protected Area (if any), but only at the mutually agreed upon locations identified on Exhibit C, which shall be limited to then existing Petro, TA or other travel centers;

(e) to establish, own or operate a Restaurant which uses the Marks at any fuel or convenience store business owned or operated by our Affiliates within your Protected Area (if any), but only at the mutually agreed upon locations identified on Exhibit C, which shall be limited to the then existing fuel or convenience store businesses;

(f) to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, an Ancillary Facility at any location whether within or outside of your Protected Area (if any);

(g) to establish, own or operate, or franchise, license or allow another Person to establish, own and operate, any business within the Protected Area under any name, mark or trade dress, other than the Marks;

(h) to merge, acquire, enter into a joint venture or otherwise affiliate with any existing franchise system or business, whether competitive or not;

(i) to operate any other franchise system or business for the same, similar or different Products and Menu Items under any name or mark, and to grant franchises and licenses without providing you any additional rights;

(j) the right to use any of our Affiliates' resources, including programs, services and personnel, that we deem appropriate in our sole discretion.

4. SITE SELECTION; LEASE OR SITE ACQUISITION.

4.1 Site Selection.

(a) **Site**. Without our prior written consent, you may not operate the Restaurant from any location other than the Site. You (with or without our assistance) must locate a site that we (in our sole judgment) will consider for approval. If you and we have agreed on the Site as of the Agreement Date, it will be designated on Exhibit "C" at this time. Otherwise, the site will be designated on Exhibit "C" upon our approval of the Site. The Site must meet our criteria for the location of a Restaurant (which may or may not include demographic characteristics, traffic patterns, parking, competition from and proximity to other businesses and other Restaurants and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site, and any other factors or characteristics we consider appropriate). There is no charge for our initial visit to a Site you request that we approve. For each subsequent Site selection visit you request to obtain our approval, you must reimburse us our reasonable travel, hotel and meal expenses for such visits. Our criteria, and our evaluation of them, may vary periodically and from location to location. If you and we are unable to agree on a location for the Site, or you have not obtained a fee interest in, or a fully signed lease agreement for, the Site, within 90 days of the Agreement Date, we may terminate this Agreement. In the event we elect to terminate this Agreement for failure to obtain an approved site, we will refund one-half of the initial franchise fees paid under Section 9.1. Before entering into any lease for a Site (including the building or improvements comprising the Restaurant), you and the lessor must sign our then-current form of Lease Assignment. You must provide the lessor our form of Lease Assignment when you begin negotiations with the prospective lessor, the form of which is attached as Exhibit "D". We will approve or disapprove a Site you propose within 30 days after we receive from you a complete site report and any other materials we request. If you have not heard from us within such 30-day period, the Site is deemed disapproved. No Site will be deemed approved by us until we provide to you Exhibit "C" with that Site designated in it and Exhibit "C" is signed by both you and us. You may not commence operations at any Site unless and until we have approved the Site.

(b) **Relocation of the Site**. If the lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as a Restaurant in accordance with this Agreement, or if in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant the Restaurant's relocation, we will permit you to relocate the Restaurant to another Site location within the Protected Area (if any), provided that you comply with all of our QSL System Standards for a Site relocation and such relocation Site meets are then-current Site criteria for relocation Sites. If we consent to the Restaurant's relocation, we have the right to charge you for the expenses we incur in connection with the relocation and finding a relocation Site.

4.2 **<u>Acknowledgements Regarding Area of Operations</u>**. You acknowledge and agree that:

(a) our recommendation or approval of the Protected Area (if any) or Site and any information regarding the Protected Area (if any) or Site communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Protected Area (if any) or Site for a Restaurant or for any other purpose; and

(b) our recommendation or approval of the Protected Area (if any) or Site indicates only that we believe that the Protected Area (if any) or Site falls within the acceptable criteria for sites and areas that we have established as of the time of our recommendation or approval of the Protected Area (if any) or Site.

4.3 Leases.

(a) **Lease of Site**. You must acquire premises for the Restaurant. At your option, you may lease the Site or acquire it by other means.

(b) **Lease Approval**. You must obtain our approval of the lease(s) (if any) (each a "Lease") before you sign it, or renew it. You must also deliver a copy of each signed Lease to us within 15 days after its execution along with the Lease Assignment. You must not sign any Lease nor renew a Lease unless you have also obtained the Lease Assignment signed by the lessor. Our review and approval of the Lease is solely to ensure that the Lease contains terms that we accept or require for our benefit and the QSL System; it is not a substitute for careful review and analysis by you and your advisors. Our approval of the Lease does not constitute a warranty or any assurance that the Lease contains terms and conditions for your benefit or that the location will be successful. You agree and acknowledge that you are solely responsible for negotiating the Lease and ensuring that its terms and conditions meet your interests and objectives.

(c) **Mandatory Lease Terms**. We may require that any Lease or any renewal contain certain provisions that:

(i) expressly permit or require the lessor to provide us with all revenue and other information it may have related to the operation of your Restaurant as we may request at any time;

(ii) require the lessor to contemporaneously provide us with copies of any written notice of default under the Lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the Lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default;

(iii) in the event of your default of the Lease or this Agreement, and upon written notice from us (the "Assignment Notice") the Lease will, at our option, be assigned to us, we will become the lessee, we will be liable for all obligations under the Lease accruing once we take possession, you will promptly cooperate in vacating the premises and the landlord will recognize us as the lessee as of the date of the Assignment Notice;

(iv) authorize your right to display the Marks in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law;

(v) limit the use of the Site to the operation of the Restaurant;

(vi) require that any lender or other Person will not disturb your possession of the Restaurant (or any aspect of it) so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other Persons are bound);

(vii) a Lease term which is at least equal to the Term, either through an initial term of that length or rights, at your option, to renew the lease for the Term;

(viii) the Lease cannot be modified without our prior written approval; and

(ix) that lessor acknowledges that the Lease is subordinate to the terms of this Agreement and that the Lease is not subordinate, and shall not become subordinate, to any lien without our advance written consent.

(d) **Indemnification**. You agree to indemnify and hold us and our Affiliates, and each of ours and their respective stockholders, directors, officers, employees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that we and they incur as a result of any claim brought against any of them or any action which any of them are named as a party or which any of us or them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease upon demand by us.

(e) **Default**. If you breach or default under the Lease, or if we pay the Lessor any money as a result of your breach of the Lease, then you will be in breach of this Agreement, and we will be entitled to possession of the Site as described in this Section, and to all of your rights, title and interest in the Lease, without limitation on any other remedies available to us under this Agreement, at law or in equity, or under any other agreements between you and us. This Agreement constitutes a lien on your interest in the Lease until satisfaction in full of all amounts you owe us. In addition, our rights to assume all obligations under the Lease are totally optional on our part, to be exercised in our sole judgment.

(f) **No Subordination or Assignment**. You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, which may be given or withheld in our sole discretion. You agree not to pledge any portion of your interest in the Lease to a lender without our consent. Our consent will not be unreasonably withheld where the lender agrees to subordinate its lien to our rights under this Agreement, including our right of first refusal and purchase right. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

4.4 Ownership and Financing of Site. You may propose to purchase and own part, any or all of a Site, yourself or through Affiliates. The form of such a transaction, including participation by your Affiliates, must be approved by us. If your Affiliate owns the Site, you must obtain our approval of a Lease in accordance with Sections 4.3(b) and 4.3(c). If at any time prior to acquisition, or subsequently, you or your Affiliates propose to obtain any financing with respect to the Site and the Franchise or the Operating Assets are used to secure your financing, then the form of any loan agreement with, or mortgage in favor of, any lender and any related documents, must be approved by us before you sign them (an "Approved Financing"). Our consent may be conditioned upon the inclusion of various terms and conditions of the loan agreement, mortgage and/or related documents (the "Loan Documents"), including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your Affiliates;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency;

(c) the loan to value ratio (the amount of the loan as a percentage of the appraised value of the Collateral) shall be no higher than 75%;

(d) your lender acknowledges and agrees that the financing documentation shall be subordinate to this Agreement, including, without limitation, our right of first refusal in Section 16.8 and right to purchase in Section 19.5; and

(e) we shall have the right to record a memorandum describing our rights under this Agreement and the subordinate position of your secured lender.

In the event that the terms of any financing you seek to obtain require us to be made a party to any document relating to the financing, we retain the right to approve, in advance, any provisions affecting us in any such documentation, which provisions shall be in form acceptable to us (in our sole discretion). Any and all costs and expenses incurred by us, including attorneys' fees, in connection with the review and negotiation of the financing documents shall be promptly paid by you.

5. QSL RESTAURANT DEVELOPMENT.

5.1 Development.

(a) **Plans**. You are obligated at your expense to develop and equip the Restaurant in accordance with all of our required plans, space plans, and specifications to suit the use, shape and dimensions of the Restaurant ("Development Plans") and to ensure that such Development Plans and specifications comply with applicable ordinances, codes and permit requirements, and QSL System Standards. We suggest that you engage our in-house construction team for your first Restaurant, at your expense.

(b) **Changes**. We may make changes to the Development Plans that we specify from time to time during the development of the Restaurant. You and your respective vendors and service providers must not begin development, remodeling or otherwise construct the Restaurant until we have approved the Development Plans. Our changes to the Development Plans during the build-out or development of your Restaurant may result in increased costs to you, and you agree to be responsible for such increased costs. You and your respective vendors and services providers must make no changes to the approved Development Plans unless such changes are presented to and approved by us.

(c) **Compliance with Laws**. You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the development and operation of the Restaurant, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for Persons with disabilities. For example, we may require you to hire your own architect to review and approve the Development Plans. You are solely responsible for any and all claims, liabilities, costs and images relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance. We will not approve any service provider or supplier to you (e.g., architects, builders, designers, etc.) unless they, at our option, agree to assign to us the plans, drawings or designs, used by you in connection with their manufacture or modification of the Restaurant, or at our option, their agreement to license to us such plans, drawings or designs for use in connection with Restaurants.

5.2 <u>Restaurant Opening</u>. You agree not to open the Restaurant for business until:

(a) we approve the Restaurant as developed, including any alterations to the Development Plans made by you, and you have acquired an opening inventory sufficient to meet our QSL System Standards;

(b) pre-opening training has been completed to our satisfaction and you provide us with evidence you and your management Personnel have completed training at authorized facilities;

(c) the Franchise Fee and all other amounts then due to us, your landlord, governmental authorities and your suppliers including Approved Suppliers, have been paid;

(d) you have obtained all required building, utility, sign, health, sanitation, business permits, certificates and licenses, including any liquor license, required to operate the Restaurant;

(e) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;

(f) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the Restaurant; and

(g) we have provided you with written authorization to open the Restaurant for business.

You agree to open the Restaurant for business within 12 months following the Agreement Date (unless we otherwise agree in writing). If building a new Restaurant on a site you or your Affiliates are purchasing, then you have 18 months to open the Restaurant for business following the Agreement Date.

6. TRAINING AND ONGOING ASSISTANCE.

6.1 Training of Managers and Others.

(a) We will provide you and your management team (based on building size, sales volumes, management team competency, and our approval), which must consist of five to seven salaried and/or hourly managers including a general manager, a kitchen manager, a bar manager, and two to four other managers including an assistant general manager, an assistant kitchen manager, a bar manager or a front of house manager (the "Management Team") with an initial training program in the operations of a QUAKER STEAK & LUBE® Restaurant. You and your management team, must attend and successfully complete, to our satisfaction, the initial training program, which lasts approximately eight weeks.

(b) Before the opening of the Restaurant, you must attend and successfully complete a seven to 10 day orientation training program. If you are directly involved with the day-to-day operation of the Restaurant, then you must attend and successfully complete an eight week initial training program.

(c) The initial training program is provided, in part, at our corporate headquarters, or at other certified training locations we designate. On-the- job training is provided at a QUAKER STEAK & LUBE® Restaurant, as we designate. You are solely responsible for the compensation, travel, lodging and living expenses you and any of your employees incur in connection with their attendance at the initial training program or the supplemental or refresher training program. We may charge you a reasonable fee for any required employee uniforms or other similar items provided to attendees of training programs. You must give us a minimum of 30 days prior notice of your intent to attend the initial training program. You and your Management Team must successfully complete, to our satisfaction, the initial training program at least 30 days before the opening of the Restaurant. There is no charge for the initial training program.

(d) Within 120 days of the opening of your third Restaurant, you must establish a certified training Restaurant and conduct our training program at that Restaurant in compliance with our guidelines and requirements.

(e) If the Restaurant is the fourth Restaurant, or any subsequent Restaurant, opened by you or your Affiliate, the initial training program must be conducted by you at our certified training Restaurant, in compliance with the guidelines and specifications required by us for such training, with the exception that the general manager of all Restaurants operated by you, or your Affiliate, must attend and successfully complete the initial training program at a Restaurant designated by us. We will assess the training needs on an ongoing basis and will provide you with written assessment reports of your training. The reports will provide recommendations for correcting any deficiencies in your training program as determined by us. Based on the assessment of your training program, we may provide such additional training and training personnel to you as we determine. You agree to incorporate the additional training and training personnel provided by us into its training program for that Restaurant. We reserve the right to designate where and how members of your Management Team will be trained. You agree that if, in our sole discretion, it is in your best interest for your Management Team to be trained at a location other than your certified training Restaurant, then you will promptly comply with our directions with respect to that training.

(f) The initial training program includes instruction relating to the operation of a QUAKER STEAK & LUBE® Restaurant, understanding product inventory, merchandising, marketing, customer service, food preparation, product usage, cost and cash control, sales and marketing accountability, employee scheduling, methods of controlling operating costs and corporate culture. We reserve the right to alter the training program in length, content, and location to meet the changing needs of the QSL System.

(g) You agree to use all QUAKER STEAK & LUBE® training materials as we require for all training, including but not limited to printed guides, posters, flyers and tests. We will provide a listing of all materials and where they are to be acquired. You also agree to subscribe to and use DiscoverLink or other successor online training system for your Restaurant team member training (hourly and managers) for a period of at least one year after opening, as is defined in the Manuals.

(h) If during any training program we determine that any proposed member of your management's team is not qualified to manage the Restaurant, we will notify you and you shall select and enroll a substitute manager in the initial training program. The substitute manager must attend and successfully complete, to our satisfaction all initial and ongoing training programs we require. You must notify us of any changes in salaried managers, specifically the general manager or kitchen manager, within three business days of a change in personnel.

(i) After the opening of the Restaurant, we will provide training (subject to reasonable limitations we prescribe as to frequency and time) to any new member of your Management Team or any other member of your Management Team employed by you as required by us. Your Management Team must at all times be properly trained and must successfully complete, to our satisfaction, initial and ongoing training programs approved by us. We have the right to require any members of your Management Team who are not performing to the minimum standards for their position to attend or repeat and successfully complete the initial training program or any subsequent training program determined necessary by us. We will provide you with a written assessment of your

Management Team deficiencies and reserves the right to recommend you take recommended actions as determined by us in our sole discretion. You agree that it is not in our best interest or the best interest of the QSL System to allow the Restaurant to be managed by any person who has not successfully completed our management training program.

(j) If a manager of your Management Team dies, resigns or is terminated, you must identify and hire a successor manager who must successfully complete, to our satisfaction, the training program within 180 days of employment as a manager. Your failure to require your Management Team to attend and successfully complete any required management training program in a timely manner constitutes a material default of Agreement.

6.2 **Supplemental Training**. You and your Management Team must attend and successfully complete, to our satisfaction, all refresher training courses, additional training programs and seminars as Franchisor periodically may offer in our discretion. We will provide instructors and training materials for these programs and seminars. You are responsible for all expenses you and any of your employees incur in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

6.3 **Hiring And Training of Employees by Franchisee**. You are solely responsible for the hiring of all of your employees and your Management Team of the Restaurant and are exclusively responsible for the terms of their employment, for their supervision and management, their compensation and training. You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Restaurant. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Restaurant in compliance with federal, state, and local employment laws.

6.4 **Opening Assistance/Training**. We will provide you with training assistance in connection with the opening and initial operation of Franchisee’s Restaurant. You must have a certificate of occupancy from the local governmental agency before we begin the opening assistance. The opening assistance will be provided by a training team of 10 to 16 of our Affiliate’s employees over a period of nine days of training and eight days of operating support to you. You must pay us for the transportation, room and board for our Affiliates’ employees providing opening assistance, including single occupancy hotel room with a microwave and refrigerator and a meal per diem of $40 per day, which must be paid by you to our lead trainers, in cash, on the first day our lead trainer arrives at the location of your Restaurant prior to the start of opening assistance training. We may require you to attend, at your expense, additional or periodic training courses or training conferences at such times and locations that we designate, and we may charge then-current fees for such courses.

Upon the opening of your third Restaurant, at your cost, you must provide 50% of the trainers used in providing the opening assistance for the fourth Restaurant. Subsequent to the opening of your fourth Restaurant, you shall, at your cost provide all of the certified trainers required for the opening assistance, with the exception that we will continue to provide training team leaders for the opening of all Restaurants by you.

6.5 **Operating Assistance**. We will advise you of operating problems of the Restaurant disclosed by reports submitted to or inspections we make. Further, we will furnish to you assistance in connection with the operation of the Restaurant as we will deem appropriate. Operating assistance may consist of:

(a) Recommended operating procedures;

(b) Restaurant evaluations;

(c) Selection of additional food Product and Menu Items authorized for the QUAKER STEAK & LUBE® Restaurants;

(d) Purchasing of Proprietary Supplies, materials and services;

(e) Advertising, marketing, public relations and promotional programs;

(f) Administrative, bookkeeping, inventory control, sales and general operating procedures;

(g) Selection of approved suppliers as we deem appropriate; and

(h) Coordinating an annual meeting for franchisees, at our discretion, which each franchisee's general managers (at least one per Restaurant) must attend. You may also attend. You will be responsible for all of your and your employees' expenses for attending such annual meetings.

7. OPERATION OF THE RESTAURANT AND QSL SYSTEM STANDARDS.

7.1 **Manuals**. We will loan you during the Term, one copy of the Manuals. The Manuals may be provided to you in electronic form and by any other means we designate. The Manuals will contain, among other things, QSL System Standards that we prescribe from time to time for the operation of a Restaurant and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish or revise periodically for the QSL System as described in the Manuals. You also must comply with all updates and amendments to the QSL System as described in newsletters or notices we distribute, including via computer systems. You must maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised by us from time to time to reflect changes in QSL System Standards. You agree to keep your copy of the Manuals (in hard copy or electronic form) current and in a secure location and by secure means at the Restaurant. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office (or if in electronic format, on our Computer System) will be controlling.

You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge.

7.2 **Compliance with QSL System Standards**. You acknowledge and agree that your advertising, operation and maintenance of the Restaurant in accordance with QSL System Standards are essential to preserve our goodwill including the goodwill of the QSL System and the Marks. Therefore, at all times during the Term, you agree to operate and maintain your Restaurant in accordance with each and every QSL System Standard, as we periodically modify and supplement them during the Term. You agree to comply with our QSL System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form. QSL System Standards may regulate any one or more of the following with respect to the Restaurant:

(a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;

(c) required or authorized Products and Menu Items;

(d) designated or Approved Suppliers (which may include us) of Operating Assets, Computer Systems, Products and Menu Items;

(e) terms and conditions of the sale and delivery of, and terms and methods of payment for, Products, Menu Items, materials and supplies, that you obtain from us, Approved Suppliers, unaffiliated suppliers or others;

(f) sales, marketing, advertising, contests, loyalty and promotional programs and materials and media used in such programs;

(g) use and display of the Marks or Copyrights;

(h) staffing levels for the Restaurant and qualifications, training, dress and appearance of the Personnel;

(i) days and hours of operation of the Restaurant;

(j) participation in market research and testing and Product development programs;

(k) acceptance of or participation in credit cards, gift certificates, gift cards, loyalty cards, coupons, other payment systems or similar programs and check verification services or contests, give-aways, and the like;

(l) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(m) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Restaurant at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(n) a range of minimum and maximum prices you may charge and advertise for certain Products or Menu Items;

(o) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and immediately notifying us if any action, suit or proceeding is commenced against you or the Restaurant;

(p) regulation of such other aspects of the operation and maintenance of the Restaurant that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Restaurants;

(q) your acquisition and yours and your Personnel's use of the Computer Systems we designate;

(r) yours and your Personnel's compliance with an agreement to all of our e-mail, spam, copyright notice and takedown, privacy, intranet and internet, website, hyperlink, wireless, hi-fi, Bluetooth, internet telephony, and other communications policies designated by us from time to time, regardless of the technology or media; and

(s) the area in which you may deliver or provide catering of Products and Menu Items and the method of delivery; you may not engage any third-party delivery services without our consent.

7.3 Modification of QSL System Standards. We may periodically modify QSL System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the Restaurant ("Capital Modifications") and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. You understand and acknowledge that our changes to QSL System Standards may include, among other things, changes to the Marks, the Restaurant facade and structure, Operating Assets, the Menu Items and Products to be offered at the Restaurants, interior specifications and equipment. You agree to comply with these changes to QSL System Standards. We agree to give you 60 days to comply with Capital Modifications we require, but if a Capital Modification requires an expenditure of more than $25,000 we agree to give you four months from the date such request is made to comply with such Capital Modification. You are obligated to comply with all modifications to QSL System Standards within the time period we specify. Capital Modifications are in addition to the costs you will incur to repair, replace or refurbish your Restaurant, inventory, supplies, equipment and fixtures from time to time. We will not require a refurbishment more than one every five years, and we estimate that the total cost of a refurbishment would not exceed $250,000.

7.4 **Proprietary Supplies**. We may require that you purchase from us, or Approved Suppliers, the Proprietary Supplies. We have no obligation to evaluate or consider alternative suppliers of Proprietary Supplies.

7.5 **Approved Products and Menu Items**. You must not sell Products or Menu Items at the Restaurant that we have not previously approved for sale. You must not, without our prior written consent, sell, dispense, give away or otherwise provide products or other items except by means of retail sales to customers at the Restaurant. You must immediately implement changes to the Products or Menu Items requested by us.

7.6 **Approved Suppliers**. We will only approve suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us and not thereafter disapproved. We will furnish to you a list of Approved Suppliers. If you desire to purchase or lease any unapproved product, supplies or equipment or purchase or lease any approved product, supplies or equipment from an unapproved supplier, you must notify us in writing and request approval. We have the right to require that our representatives be permitted to inspect the proposed supplier's facilities and test or evaluate the proposed supplier's product, supplies or equipment. We have the right to request that samples be delivered to us or to an independent testing facility chosen by us. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test will be paid by you or the supplier. We will, within thirty (30) days of receipt of a completed request and completion of the evaluation and testing, notify you in writing of our approval or disapproval of the supplier and/or the proposed product, supplies, or equipment. We reserve the right, at our option, to reinspect the facilities of any such approved supplier and to re-test or re-evaluate any previously approved products, supplies or equipment and to revoke our approval upon the supplier's failure to continue to meet any of our then-existing supplier, product, equipment or as otherwise reasonably determined by us. We and our Affiliates may be the sole Approved Supplier of a Proprietary Supply, Product, or Menu Item. We and our Affiliates may negotiate group or volume purchasing arrangements with Approved Suppliers or develop certain programs and terms under which we and our Affiliates receive certain negotiated benefits or terms from Approved Suppliers. We and our Affiliates will be entitled to all rebates, bonuses and promotional benefits associated with those programs.

7.7 **Payments or Benefits to Us**. You acknowledge and agree that: (a) monies, benefits or other remuneration that we receive in connection with your purchases of Proprietary Supplies, Products and Menu Items, or your purchases from Approved Suppliers is fair and appropriate compensation to us in connection with our active efforts to evaluate Approved

Suppliers, our ongoing efforts to monitor and evaluate whether they continue to meet our requirements for participation as Approved Suppliers, and our activities to continue to improve and enhance the QSL System; and (b) such monies or remuneration are fully earned by us. We and our Affiliates may retain all revenue and other remuneration we receive from Approved Suppliers without restriction (unless the supplier or vendor requires otherwise). We, in our sole judgment, may concentrate purchases with one or more Approved Suppliers or to obtain lower prices, advertising support and/or services for the benefit of us, our Affiliates and Restaurants, or for any other reason that we deem appropriate. We may establish supply facilities or servicing capabilities owned by us or our Affiliates which we may designate as an Approved Supplier.

7.8 **Computer Systems**. You must provide your own network and telecommunication services, with technology we designate and you must utilize redundant "back-up" systems meeting our QSL System Standards. You must use the Computer Systems and services that we specify in developing and operating the Restaurant. We may require you to obtain specified computer hardware, software, and services. We may modify specifications for any components of the Computer System and related services from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer Systems during the Term. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer Systems (or additions or modifications). Within 30 days after you receive notice from us, you must obtain the components of the Computer Systems that we designate and require. The Computer Systems must be capable of connecting your Restaurant's Computer System with our Computer Systems so that we can review the results of your Restaurant's operations. We also have the right to charge you a systems fee (the "Computer Systems Fee") for any proprietary software that we license to you and other maintenance and support services that we, or our Affiliates, furnish to you related to the Computer Systems. You agree to comply with the terms of any "terms of use," "privacy policies," "information security policies," or "user rules" we may designate in our sole discretion relating to the Computer System and any website we designate. You recognize that certain components and proprietary technology utilized by the Restaurant may be furnished to you pursuant to a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You agree to take such actions and sign such documents as we reasonably may request on behalf of such third party in connection with such license or sublicense. You must be Payment Card Industry (PCI) Data Security Standard (DSS) compliant and remain compliant at all times. You must submit the necessary documentation at least every calendar year to prove your compliance per our QSL® System Standards. We have the right to request proof of your PCI DSS compliance at any time.

7.9 **Trade Accounts and Taxes**. You must: (a) maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers including Approved Suppliers promptly; and (b) timely pay all Taxes incurred in connection with your Restaurant's operations. Your failure to do so is a material breach of this Agreement. If you fail to maintain your trade accounts in a current status, timely pay Taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you must reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

7.10 Management. Unless we agree otherwise in writing, you, or one of your Owners, must assume responsibility for the Restaurant's day-to-day management and operation and supervise your Personnel. The Restaurant must at all times be under your, or your Owner's, direct supervision and control, but recognizing that you will employ trained management Personnel on-site who will act at your direction.

7.11 Personnel. You must hire, train and supervise your Personnel in accordance with the specifications set forth in the Manuals. All Personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. All Persons you employ that have access to any of the Confidential Information must sign a Confidentiality Agreement in the form attached hereto as Exhibit F and a Noncompetition Agreement in a form satisfactory to us. You are responsible to have such Confidentiality and Noncompetition Agreements signed and sent to us before such Person is granted any access to Confidential Information. You are liable to us for any unauthorized disclosure of such information by any of your Owners, directors, employees, representatives or agents. You acknowledge and agree that you are solely in control of and responsible for your employees, and that any and all requirements pertaining to your employees and that are associated with the Restaurant does not change this responsibility. You further acknowledge that any and all requirements contained within this Agreement does not imply that you are an employee of ours.

7.12 Interior and Exterior Upkeep. You must at all times maintain the Restaurant's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the Restaurant established in the Manuals and by federal, state and local laws.

7.13 Hours of Operation. You must operate the Restaurant during the minimum hours required by the Manuals.

8. INSURANCE.

8.1 Insurance Required. During the Term, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(a) comprehensive, public and product liability insurance against claims for bodily and personal injury, liquor liability (dram shop), product liability, advertising injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant;

(b) general casualty and property insurance including fire and extended coverage, lost income, vandalism and malicious mischief insurance with a full replacement value of your inventory and contents of your Restaurant, covering such risks as are covered in the Standard Extended Coverage Endorsement;

(c) comprehensive motor vehicle insurance (including personal injury protection and uninsured motorist protection) for any motor vehicles operated by you or your Personnel in connection with the operation of the Restaurant;

(d) business interruption insurance, business income insurance in the amount of $1,500,000, and assault and battery liability coverage of $300,000 per occurrence and $300,000 annual aggregate;

(e) workers' compensation in the amounts required by applicable law for your Restaurant;

(f) such other insurance as is required under any financing document (if any) for the Restaurant or any lease for the premises of the Restaurant, including the Lease and the Loan Documents; and

(g) such other insurance as we may specify from time to time due to identification of risks and available coverages.

8.2 Insurance Coverage Requirements. You must maintain the insurance coverages in the minimum amounts we prescribe from time to time in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

8.3 Insurance Policy Terms. All insurance policies must:

(a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our Affiliates, directors, officers, employees or agents;

(b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(c) name us as an additional insured;

(d) contain a waiver of the insurance company's right of subrogation against us;

(e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(f) provide that the insurance company will provide us with at least 30 days' prior written notice of termination, expiration, cancellation or material modification of any policy;

(g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent; and

(h) contain such other terms and conditions as we may require from time to time.

8.4 **Evidence of Coverage**. Prior to commencement of operations of your Restaurant and before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Restaurant required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

9. FEES.

9.1 Initial Fees.

(a) **Franchise Fee**: You agree to pay us the Franchise Fee in the amount of $40,000 for a Restaurant. The Franchise Fee for an Ancillary Facility is $30,000. The Franchise Fee must be paid to us on the Agreement Date. The Franchise Fee is nonrefundable and is fully earned by us when paid. The Franchise Fee for your fourth and subsequent Restaurants (the Restaurant count for this reduction does not include Ancillary Facilities) will be reduced to $20,000 for a Restaurant and to $15,000 for an Ancillary Facility provided:

(i) You and your Affiliates are in compliance with the terms of at least three separate franchise agreements for non-Ancillary Facility Restaurants between you or your Affiliates and us, including but not limited to, the successful establishment of certified training Restaurant by you;

(ii) You conduct the required initial training program at your certified training Restaurant for your Management Team for the fourth and any subsequent Restaurants, in compliance with our standards and requirements; and

(iii) You conduct the pre-opening and post-opening training at your Restaurant using no less than thirteen of your employees as trainers, each of whom have been certified by us as a designated trainer, under the supervision of us, in compliance with our standards and requirements.

9.2 **Royalty Fees**.

(a) **Restaurants:** In return for our providing you the right to use the QSL System during the Term at a Restaurant, you agree to pay us a continuing royalty ("Royalty"), equal to 5% of all Gross Sales; provided however the Royalty shall reduce to 4.75% of all Gross Sales once you have opened your third Restaurant, such reduction applying to all of your Restaurants; and further provided that the Royalty shall reduce to 4.5% of all Gross Sales for your fourth and subsequent Restaurants, such reduction applying to all of your Restaurants upon the opening of the fourth Restaurant. These reduced Royalty rates shall only apply so long as you continue to own and operate the requisite number of Restaurants. By way of example, if you close or sell a Restaurant resulting in your ownership count decreasing from three to two, the Royalty rate will be 5% for each of your Restaurants.

(b) **Ancillary Facilities:** In return for our providing you the right to use the QSL System during the term at an Ancillary Facility, you agree to pay us a continuing Royalty, equal to 7% of all Gross Sales.

If a law or regulation is enacted during the term of this Agreement which prohibits or restricts in any way your ability to pay and our ability to collective Royalty or other amounts based on Gross Sales, we reserve the right to modify your payment obligations to us under this Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both us and you as currently provided in this Agreement. In such event, you agree to execute the appropriate documentation in the form we may prescribe to give effect to or take account of such revisions.

9.3 **Timing**. On the day we designate (the "Report Day") of each Accounting Period, you must report the amount of your Gross Sales for the preceding Accounting Period in form or format we may require. "Accounting Period" is that period we designate in the Manual (currently a weekly Accounting Period). You must pay us the Royalty so that we receive it on or before the 3rd business day following the Report Day or such other day as we may designate (the "Payment Day") for the immediately preceding Accounting Period. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 1 day prior to such date) will be deemed delinquent.

9.4 **Advertising Fees**. On the commencement of operations, you must contribute to the QSL Ad Fund an amount equal to .75% of Gross Sales of the Restaurant each week. We reserve the right to require you, upon thirty (30) days' written notice to contribute a greater percentage of Gross Sales to the QSL Ad Fund as we determine in our sole and absolute discretion in an amount not to exceed an additional 2.25% of Gross Sales of the Restaurant each week. To the extent that your required contribution to the QSL Ad Fund exceeds 1% of Gross Sales, the amount in excess of 1% shall be credited to your Local Advertising Requirement and/or your Cooperative contribution requirement (as described in Sections 13.3 and 13.4, below). In no event shall you be required to pay more than 4% of Gross Sales to the QSL Ad

Fund, the Local Advertising Requirement (as defined in Section 13.3, below) or to a Cooperative in the aggregate.

9.5 Approved Supplier Fees. You will be obligated to obtain certain services from certain of our Approved Suppliers. You must pay them in accordance with their rules. If you do not do so, then you will be in breach of this Agreement.

9.6 Electronic Funds Transfer. You must pay any amounts due us by ACH electronic funds transfer (or such other method as we may specify from time to time) on the Payment Day or such other date we specify. You must comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method, including execution of the Electronic Fund Transfer Authorization attached hereto as Exhibit E. On the Report Day designated in the Manuals, you must report to us by electronic means or in written form, as we direct in the Manuals, the Restaurant's true and correct Gross Sales for the immediately preceding Accounting Period, and such other information we require. We may require you to give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the Restaurant's bank operating account (the "Account") for payments of Royalties and all other amounts due under this Agreement, including any applicable interest charges. If so, you must make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Account to pay Royalties will be based on the Restaurant's Gross Sales reported to us on the Report Day. If you have not reported the Restaurant's Gross Sales to us for any reporting period, we may transfer from the Account an amount calculated in accordance with our reasonable estimate of the Restaurant's Gross Sales during any such reporting period. If we determine at any time that you have under-reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first Report Day after you and we determine that such credit is due.

9.7 Interest on Late Payments. All amounts which you owe us, including but not limited to all amounts due under this Agreement or under any other agreement between us or our Affiliates and you, will bear interest automatically and without notice from us, after their due date at the annual rate of eighteen 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Restaurant. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

9.8 Application of Payments. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us, including interest. You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.

9.9 Payment Offsets. We may offset from any amounts that we may owe you any amount that you owe to us, or our Affiliates, for any reason whatsoever, including without limitation, Royalties, Advertising Fees, and late payment interest, amounts owed to us or our

Affiliates for purchases of Products or menu Items, or for any other reason. Payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our Affiliates from time to time. In particular, we may retain (or direct to our Affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our Affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

9.10 **Conversion Design Fee**. In the event you request approval to convert an existing building to a Restaurant, you must provide us with existing floor plans and elevations. We will consult with a design company or architect we select to revise the existing floor plans and elevations for the proposed Restaurant to our specifications. You must pay to us a Conversion Design Fee of up to $5,000 for design services and specifications related to providing the basic floor plan and equipment layout, elevations and color rendering of one of the elevations at the time you submit the request for the site design approval.

10. MARKS.

10.1 **Ownership and Goodwill of Marks and Copyrights**. As between you and us, we own or have been licensed by our Affiliates, or otherwise, all rights, title and interest in and to all information capable of being rendered into tangible form (i.e., copyrights) created in connection with or used in connection with the QSL System or your Restaurant (collectively, the "Copyrights"). The Copyrights include, for example, written materials, electronic data, Software, Manuals, brochures, photography, the content and compilation of websites, graphics, and the like. Your right to use the Marks and the Copyrights is derived solely from this Agreement and limited to your operation of the Restaurant pursuant to and in compliance with this Agreement and all QSL System Standards we prescribe from time to time during the Term. Your unauthorized use of the Marks and the Copyrights will be a breach of this Agreement and an infringement of our rights in and to the Marks and the Copyrights. You acknowledge and agree that your usage of the Marks and the Copyrights and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks or the Copyrights upon you (other than the right to operate the Restaurant in compliance with this Agreement). All provisions of this Agreement applicable to the Marks and the Copyrights apply to any additional proprietary trade and service marks, Copyrights and commercial symbols we authorize you to use.

10.2 **Limitations on Your Use of Marks and Copyrights**. You agree to use the Marks and Copyrights we designate and in the manner we designate as the sole identification of the Restaurant, except that you agree to identify yourself as the independent Owner in the manner we prescribe. You may not use modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark or Copyright in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark or Copyright may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant or an Ownership Interest in you. You agree to display the Marks and Copyrights prominently in the manner we prescribe at the Restaurant, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You must not use the Marks or any part of them as part of your corporate name or the legal name of your Business Entity.

10.3 **Notification of Infringements and Claims**. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or Copyright, or of any claim by any Person of any rights in or to any Mark or Copyright, and you agree not to communicate with any Person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office or U.S. Copyright Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark or Copyright. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office, U.S. Copyright Office or other proceeding or otherwise to protect and maintain our interests in the Marks and Copyrights.

10.4 **Discontinuance of Use of Marks**. If it becomes advisable at any time in our sole judgment for us and/or you to modify or discontinue the use of any Mark or Copyright and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and usage of other marks or copyrights (due to merger, acquisition or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Mark or Copyright or for any expenditures you make to change Marks or Copyrights or to promote or use a modified or substitute trademark or service mark.

10.5 **Indemnification**. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of our Marks or Copyrights, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of any of the Marks or Copyrights infringes their trademark or related rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks or Copyrights except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

11. CONFIDENTIAL INFORMATION.

11.1 **Types of Confidential Information**. We and our Affiliates possess (and will continue to develop and acquire) certain confidential information (the "Confidential

Information") relating to the development and operation of Restaurants, which includes (without limitation):

(a) the QSL System and the know-how related to its use;

(b) plans, specifications, size and physical or operational characteristics of Restaurants;

(c) site selection criteria and site development methods;

(d) Recipes, including proprietary sauces, food preparation and delivery techniques;

(e) methods in obtaining licensing and meeting regulatory requirements;

(f) sources and design of equipment, furniture, forms, materials, supplies and Products and Menu Items;

(g) marketing, advertising, Institutional Accounts, contests and promotional programs for Restaurants;

(h) the selection, testing and training of Personnel for Restaurants;

(i) the Computer Systems, which include all computer hardware and software we require, make available or recommend for Restaurants and the installation, training and support we require, make available or recommend for Restaurants;

(j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Restaurants;

(k) knowledge of specifications for the Products, Menu Items, the Operating Assets, Approved Suppliers;

(l) knowledge of operating results and financial performance of Restaurants other than those operated by you (or your Affiliates);

(m) e-commerce related data (e.g., customer data, click-stream data, cookies, user data, hits and the like);

(n) patents and Copyrights secured by us or our Affiliates; and

(o) customer loyalty programs and customer records of all types.

11.2 Disclosure and Limitations on Use. We will disclose much of the Confidential Information to you and Personnel of the Restaurant by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Restaurant, you or your Personnel may develop ideas, copyrightable works, concepts, methods, techniques or improvements ("Improvements") relating to your Restaurant, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of Restaurants. Improvements will then also constitute Confidential Information.

11.3 **Confidentiality Obligations**. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Restaurant, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us or our Affiliates and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the Term;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals;

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information; and

(e) will execute and cause all Persons with access to Confidential Information to execute the Confidentiality Agreement, attached hereto as Exhibit F, prior to being given access to the Confidential Information.

11.4 **Exceptions to Confidentiality**. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known to the public and used in the Restaurants (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

12. **EXCLUSIVE RELATIONSHIP**.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Restaurants if Owners of Restaurants were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted this Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the Term, neither you nor any of your Owners (nor any of your or your Owners' spouses or children) will have any direct or indirect interest as a direct or beneficial owner in a Competitive Business operating within ten (10) miles of the site of any Restaurant or Ancillary Facility you or your Affiliates own or operate; or within ten (10) miles of any Restaurant or Ancillary Facility owned or operated by us, our Affiliates or our franchisees.

13. **ADVERTISING AND PROMOTION**.

13.1 Use of Advertising Fees. We will direct all advertising, marketing and public relations programs and materials that we deem necessary or appropriate in our sole judgment. We have sole discretion over all activities, including without limitation, the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that your Advertising Fees may be used to pay the costs of, without limitations, preparing and producing video, audio, digital and written advertising, printed materials; administering regional and multi-regional advertising programs, public relations, merchandise and merchandising, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials, which may be prepared by our in-house advertising and marketing personnel; and supporting public relations, market research and other advertising, promotion and marketing activities. The Advertising Fees are non-refundable. Advertising Fees will not be used to defray any of our general operating expenses, except for salaries, administrative costs and overhead as we may incur in activities related to the administration or direction of the QSL Ad Fund and its programs and activities as described above, specifically including the salaries and associated costs of our in-house marketing and advertising personnel.

13.2 Advertising Limitations. You acknowledge that our Advertising activities are intended to maximize recognition of the Marks and patronage of the Restaurants. Although we will endeavor to benefit all Restaurants, we undertake no obligation to ensure that our advertising expenditures in or affecting any geographic area are proportionate or equivalent to your Advertising Fee payments to us, or that any Restaurant will benefit directly or in proportion to its Advertising Fees.

13.3 Local Advertising and Promotion. You must spend at least $10,000 on an approved grand opening marketing program to be executed in full within 90 days of the opening of your Restaurant. The plan for the program must be presented to us at least 45 days prior to the Restaurant opening date. The plan must be approved by us and such approval will be provided within 15 days of our receipt. Our failure to respond shall be deemed as non-approval. The program must be executed as approved, and completed, within 90 days after the opening of your Restaurant. This requirement does not apply to Ancillary Facilities. You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials which we have not prepared must be submitted to us for approval before you use them. If you do not receive written approval within 15 days after our receipt of such materials, we will be deemed to have disapproved the materials. You may not use any advertising or promotional materials that we have not approved. You agree to spend a minimum of 3% of Gross Sales on local advertising and public relations activities designed to publicize the operation of your Restaurant ("Local Advertising Requirement"). It is your responsibility to have all materials submitted for approval no less than 15 days prior to your intended use date. We have the right to photograph or video-tape your Restaurant for purposes of advertising and marketing of the QSL System without compensation to you. You must provide us with an accurate accounting of all local advertising expenditures, public relations and marketing activities on a quarterly basis. You further agree to provide us with periodic reports and records of such local advertising as we may request from time to time. If you do not meet the Local Advertising Requirement annually, you must remit the amount of the deficiency to us for deposit in the QSL Ad Fund. Additionally, we reserve the right to require you to pay all or a portion of the Local Advertising Requirement to us for deposit in the QSL Ad Fund. In no event shall you be required to cumulatively pay more than 4% of Gross Sales for the QSL Ad Fund, the Local Advertising Requirement, or to a Cooperative (as defined in Section 13.4, below). You will not advertise or promote any delivery or catering services outside of your Protected Area without our written approval.

13.4 Regional or Local Advertising Cooperative. You agree that we shall have the right, in our sole discretion, to designate any geographic area in which two or more Restaurants are located in a region for establishing an advertising cooperative ("Cooperative"). The members for the Cooperative for any area shall, at a minimum, consist of all QSL Restaurants. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by us in our sole discretion. Each Cooperative shall be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by members in local or regional advertising. If at the time of execution of this Agreement, a Cooperative has been established for a geographic area that encompasses the Restaurant, or if any such Cooperative is established during the term of this Agreement, you shall execute such documents as we require and you shall become a member of the Cooperative pursuant to the terms of those documents. Contributions to the Cooperative are credited to your Local Advertising Requirement. You shall contribute to the Cooperative such amounts required by the documents governing the Cooperative; provided however, you will not be required to contribute more than 3% Gross Sales each week to the Cooperative.

13.5 Websites.

(a) **Our Websites**. We have established a website to advertise, market, and promote the QSL System, the Restaurants, the Products and Menu Items that they offer for sale, as well as the QSL Restaurant franchise opportunity ("Franchise System Website"). We may but are not obligated to provide you with a webpage on the Franchise System Website that references your Restaurant. If we provide you with a webpage on the Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) pay our then current initial fee and monthly maintenance fee for the webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors and any personal or business data that visitors supply). We will maintain the Franchise System Website and may use the QSL Ad Fund to develop, maintain, and update the Franchise System. We may periodically may update and modify the Franchise System Website (including your webpage). You acknowledge that we have final approval rights over all information on the Franchise System Website (including your webpage). We may implement and periodically modify the QSL System related to the Franchise System Website. Even if we provide you a webpage on our Franchise System Website, we will only maintain such website while you are in full compliance with this Agreement. If you are in default of any obligation under this Agreement, then we may, in addition to our other remedies, temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon this Agreement's expiration or termination. All advertising, marketing and promotional materials that you develop for your Restaurant must contain notices of the Franchise System Website's domain name in a manner we designate.

(b) **Your Websites**. We have the right to control or designate the manner of your use of all e-names. We also have the right to designate, approve, control or limit all aspects of your use of e-commerce. You must follow all of our policies and procedures for the use and regulation of e-commerce, including all of our policies and procedures for customer referrals via e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the QSL System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may restrict your advertising activities to the use of only the e-names we designate. We may require that you provide information to us via e-commerce. You (and you must obtain agreements from your Personnel to) agree to be bound by any e-mail, SPAM, unsolicited e-mail, terms of use, privacy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense coordinate your e-commerce activities with us, your Personnel and other Restaurants, Approved Suppliers and Affiliates. We may require you and your Personnel to participate in Intranet Systems we establish or designate and obtain the services of and pay the then-current fees for such services. You agree that you will not (and you will obtain agreement from your Personnel not to) "opt-out" or otherwise ask to no longer receive e-mails from us or other participants in the QSL System. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the QSL System which bear our Marks or any derivative of our Marks. You also recognize and agree that we own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the QSL System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information.

13.6 <u>Promotion of the Franchise System</u>. We may require you to place in the manner designated by us any and all materials, including point of purchase materials, promoting the QSL System that we from time to time provide to you. You will use your best efforts to advance the reputation of the Restaurants in order to increase the goodwill of the Marks. You must participate in all then-current promotions, marketing and new product or service programs, as made available from time to time by us (the "Promotional Programs"). These Promotional Programs may have additional charges. We have the right to establish or eliminate Promotional Programs, in our sole discretion.

14. <u>RECORDS, REPORTS AND FINANCIAL STATEMENTS</u>.

14.1 <u>Accounting System</u>. You must at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. You must report Gross Sales and other business information to us using the format, reporting system and accounting system (the "Accounting System") that we require from time to time. You must establish access to the Accounting System via the Internet at your cost. You must deliver to us the financial and operating reports in the form, manner, content and time we specify from time to time, including via access to the Accounting System. We may require you to update all information in the Accounting System at least daily, including but not limited to revenues, expenditures and other pertinent data. We may periodically change the Accounting System and the suppliers of accounting services. You will make available for our review and inspection during normal business hours all original books and records that we want to ascertain and verify financial statements or reports. You will maintain all of your books and records in accordance with generally accepted accounting principles. You will maintain and preserve such records during the entire Term and for seven (7) years following the expiration or earlier termination of this Agreement. Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as we may require. We may use the information obtained as we deem appropriate, except that information you designate as confidential will not be disclosed to third parties in a manner that identifies you as the subject or source except: (i) with your permission, (ii) as may be required by law, (iii) in connection with audits or collections under this Agreement; or shared within the QSL System (you understand that we disseminate operational and financial data throughout the System and to prospects). We may require you to use approved computer hardware and software in order to maintain the Accounting System and other communication processes.

14.2 <u>Reports</u>. You agree to furnish to us on such forms that we prescribe from time to time:

(a) on the Report Day, a report on your Gross Sales during the preceding Accounting Period;

(b) within 30 days after the end of each month , a profit and loss statement and supporting documents for the Restaurant for the immediately preceding Accounting Period and year-to-date and a balance sheet as of the end of such month; and

(c) within 120 days after the end of each calendar year, annual reviewed financial statements prepared by an independent certified public accountant. To the extent those statements include businesses other than that covered by the Franchise Agreement; those statements should include consolidating exhibits that show the operations of the franchised business separately from the others. The financial statements must include the following: annual profit and loss statement, statement of cash flows and a balance sheet for your Restaurant as of the end of the calendar year.

14.3 Access to Information. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports. We have the right as often as we deem appropriate (including on a daily basis) to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of the Restaurant and to retrieve all information relating to the Restaurant's operations. At our request, you will promptly send us true and correct copies of all federal and state income, sales, excise and other tax returns.

15. INSPECTIONS AND AUDITS.

15.1 Our Right to Inspect the Restaurant. To determine whether you and the Restaurant are complying with this Agreement and all QSL System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

(a) inspect the Restaurant and any other aspect of or facility used by the Restaurant (if any);

(b) observe, photograph and videotape the operations of the Restaurant and any other aspect of or facility used by the Restaurant for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview Personnel and customers of the Restaurant and engage in "secret shopper" type programs; and

(e) inspect and copy any books, records, tax returns and documents relating to your operation of the Restaurant.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must immediately correct or repair any unsatisfactory conditions we specify. You agree to reimburse us for any costs associated with our or our designated agents' inspection of your Restaurant.

15.2 Our Right to Audit. We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your

Restaurant, bookkeeping and accounting records, sales and Tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. You must immediately pay us any shortfall in the amounts you owe us (regardless of the degree), including late fees and interest. You agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees if:

(a) our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis; and/or

(b) our audit or inspection reveals that you understated Gross Sales by over 2% during any Accounting Period.

The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

16. <u>TRANSFER</u>.

16.1 <u>By Us</u>. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests.

16.2 <u>By You</u>. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your Owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the Restaurant or other aspect of the Restaurant may be transferred without our prior written approval, which may be given or withheld in our sole discretion. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your Owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; (c) the Restaurant; or (d) the Operating Assets.

An assignment, sale, gift or other disposition includes the following events:

(i) transfer of ownership of 25% or more (either in a single transaction or in a series of transactions occurring during the term of this Agreement) of any capital stock or a partnership interest or any other interest that affects control over the Business Entity;

(ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

(iii) any issuance or sale of your stock or any security convertible to your stock;

(iv) transfer of an interest in you, this Agreement, the Restaurant, your Lease or the Operating Assets in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(v) transfer of an interest in you, this Agreement, the Restaurant, your Lease or the Operating Assets, in the event of your death or the death of one of your Owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Restaurant, or the Operating Assets, including your transfer, surrender or loss of possession, control or management of the Lease or your Restaurant.

16.3 Conditions for Approval of Transfer. If you (and your Owners) are in compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be, as we determine in our sole discretion, individuals of good character and otherwise meet our then applicable standards for Restaurant franchisees. A transfer of ownership, possession or control of the Restaurant or the Operating Assets may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Restaurant;

(b) you have paid all amounts due us and have submitted all required reports and statements, and made payments to all Approved Suppliers or made arrangements to do so satisfactory to us and them;

(c) the transferee (or its owners) have agreed to complete our standard training program, at their expense;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) the transferee has entered into our then-current form of Franchise Agreement;

(f) the transferee agrees to upgrade the Restaurant to conform to our then-current standards and specifications;

(g) you or the transferee pay us a transfer fee equal to Thirty-Five Thousand Dollars ($35,000) to defray expenses we incur in connection with the transfer, including but not limited to, our third party expenses, and the costs of training the transferee (or its owners) and other Personnel. If the proposed transfer is among your Owners, the transfer fee will be equal to Ten Thousand Dollars ($10,000);

(h) you (and your transferring Owners) have signed a general release, in form satisfactory to us, of any and all claims against us, our Affiliates, and our shareholders, officers, directors, employees and agents;

(i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Restaurant;

(j) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Restaurant are subordinate to the transferee's obligation to pay Royalties, Advertising Fees and other amounts due to us and otherwise to comply with this Agreement;

(k) you and your transferring Owners have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and

(l) you and your transferring Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Restaurants you own and operate) identify yourself or themselves or any business as a current or former Restaurant, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Restaurant in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

16.4 <u>Transfer to a Business Entity</u>. If you are in compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the Restaurant and, if applicable, other Restaurant so long as you (i) own, control and have the right to vote 51% or more of its issued and outstanding Ownership Interests (like stock or partnership interests) and you guarantee its performance under this Agreement or (ii) as we otherwise approve in writing. All other Owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing Ownership Interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any Person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

16.5 Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the Owner of a controlling interest in you, we may require you (or such Owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such Owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than 1 month but not more than 6 months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the Ownership Interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an Owner of a controlling interest in you from managing and operating the Restaurant.

16.6 Operation Upon Death or Disability. If, upon your death or disability or the death or disability of the Owner of a controlling interest in you, the Restaurant is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 30 days from the date of death or disability, appoint a manager to operate the Restaurant. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Restaurant is not being managed properly any time after your death or disability or after the death or disability of the Owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Restaurant. All funds from the operation of the Restaurant during the management by our appointed manager will be kept in a separate account, and all expenses of the Restaurant, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Advertising Fees payable under this Agreement) during the period that our appointed manager manages the Restaurant. Operation of the Restaurant during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Restaurant or to any of your creditors for any products, materials, supplies or services the Restaurant purchases during any period it is managed by our appointed manager.

16.7 Effect of Consent to Transfer. Our consent to a transfer of this Agreement and the Restaurant or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Restaurant or a waiver of any claims we may have against you (or your Owners), or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

16.8 Our Right of First Refusal. If you (or any of your Owners) determine to sell, assign or transfer for consideration an interest in this Agreement, the Site, if applicable and/or the Restaurant (including all or any portion of the real property related to the Restaurant, whether a leasehold, fee interest or otherwise) or an ownership interest in you at any time during the Term, including the former Operating Assets or more than a 50% ownership interest in you, you (or such Owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and within 5 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. In the event the consideration offered by a third party is not specified in cash, we have the right to substitute the reasonable equivalent in cash. The offer must apply only to an interest in you, in this Agreement, the Restaurant, and/or the Site and may not include an offer to purchase any of your (or your Owners') other property or rights, or of just the Operating Assets. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement and the Restaurant must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling Owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) our credit will be deemed equal to the credit of any proposed purchaser;

(b) we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and

(c) we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the Business Entity being purchased.

(d) We have the right to obtain, at our sole cost and as a condition precedent to closing the sale, a survey, title commitment, and environmental assessment. In the event such survey, title commitment or environmental assessment is unacceptable to us in our sole discretion, we may elect not to close on the purchase. In the event of any material change in the terms and conditions of the offer to purchase, or if more than 120 days shall pass without a closing on such offer, you are required to resubmit such revised offer to us for consideration.

If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in this Agreement. You and your selling Owner(s) further agree that you and they will, during this same time period, abide by the covenants contained in this Agreement.

If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

17. RENEWAL TERMS.

17.1 Extension. Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to operate the Restaurant for one (1) additional ten (10) year period on the terms and conditions of the franchise agreement we are then using in granting franchises for Restaurants, which may contain terms and conditions substantially different from those contained herein, provided however that the Royalty and Advertising Fees will not be increased (each, a "Renewal Term"), if you (and each of your Owners) have substantially complied with this Agreement during its Term and any Renewal Term and either:

(a) you maintain possession of and agree to remodel and/or expand the Restaurant, add or replace improvements, equipment and signs and otherwise modify the Restaurant as we require to bring it into compliance with specifications and standards then applicable for Restaurants; or

(b) if you are unable to maintain possession of the Restaurant, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Restaurants until operations are transferred to the substitute premises.

17.2 Grant. You must give us written notice of your election to renew your Franchise for a Renewal Term, during the last year of the Term or the then-current Renewal Term, but no later than 180 days before expiration. We will respond ("Response Notice"), within 90 days after we receive your notice, of our decision, either:

(a) to grant you a Renewal Term;

(b) to grant you a Renewal Term on the condition that deficiencies of the Restaurant, or in your operation of the Restaurant, are corrected; or

(c) not to grant you a Renewal Term.

If applicable, our Response Notice will:

(a) describe the remodeling and/or expansion of the Restaurant and other improvements or modifications required to bring the Restaurant into compliance with then applicable specifications and standards for Restaurant; and

(b) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

Your right to a Renewal Term is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

17.3 Agreements/Releases. If you satisfy all of the other conditions to the grant of a Renewal Term, you and your owners agree to sign the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of franchises for Restaurants. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, Affiliates, successors and assigns. Failure by you or your Owners to sign such agreements and releases and deliver them to us for acceptance and signature within 60 days after their delivery to you will be deemed an election not to seek a Renewal Term.

17.4 Training and Refresher Programs. Our grant of a Renewal Term is also conditioned on the satisfactory completion by you (or your Owners) of any new training and refresher programs as we may reasonably require.

17.5 Renewal Fee. You shall pay us a renewal fee equal to 20% of the then-current initial franchise fee at the time of renewal. In addition, we have the right to charge a fee for services we render to you and expenses we incur in conjunction with the grant of the Renewal Term. Payment of those charges is due upon your receipt of our invoice.

18. TERMINATION OF AGREEMENT.

18.1 Termination of Service Rights. If we are entitled to terminate this Agreement in accordance with any of its provisions, we will have the option to terminate or suspend any one or more of equal rights under this Agreement instead of terminating this Agreement, including but not limited to:

(a) your right to participate in any programs or services provided by us or offered by us from time to time such as Approved Supplier programs;

(b) your right to participate in any services that we provide in connection with any website, marketing or similar services; and

(c) termination of any rights to a Protected Area (if any) granted to you under this Agreement; and

(d) general operational support.

If we terminate or suspend any of your rights under this Agreement in accordance with this section, we will provide you five days prior written notice of such suspension or termination. If any such rights, options or arrangements are terminated or suspended in accordance with this section, such termination or suspension will be without prejudice to and will not be a waiver or release of any of our rights to terminate this Agreement otherwise in accordance with its terms, or to terminate any other rights, options or arrangements under this Agreement or any other agreement between you and us at any time thereafter, for the same default or as a result of any additional defaults of the terms of this Agreement or other agreements between you and us.

18.2 On Notice. We have the right to terminate this Agreement, without giving you any opportunity to cure the default effective upon delivery of written notice of termination to you, if:

(a) you (or any of your Owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(b) you fail to begin operating the Restaurant within twelve (12) months of the Agreement Date or, in the case of acquisition of a Site, within eighteen (18) months of the Agreement Date;

(c) you, or your Owners, fail to successfully complete any training to our satisfaction;

(d) you abandon or fail to actively operate the Restaurant for 5 or more consecutive business days, unless the Restaurant has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;

(e) you surrender or transfer control of the operation of the Restaurant without our prior written consent;

(f) you (or any of your Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;

(g) you (or any of your Owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant or other Restaurants or the goodwill associated with the Marks;

(h) you understate Gross Sales by two percent (2%) or more during any Accounting Period, or our audits or investigations show that you understated Gross Sales by two percent (2%) or more two (2) or more times during any eighteen (18) month period;

(i) you (or any of your Owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, the Restaurant or the Operating Assets;

(j) in the event of your death or disability or the death or disability of the Owner of a controlling interest in you, this Agreement or such Owner's interest in you is not assigned as required under this Agreement;

(k) you fail to cure any default under your Lease or you lose the right to possession of the Restaurant or the Site;

(l) you fail to cure any default under the Loan Documents;

(m) you (or any of your Owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manual in violation of this Agreement;

(n) you fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within five (5) days after written notice of such failure is delivered to you;

(o) you fail to pay when due any Taxes due in connection with the operations of the Restaurant, unless you are in good faith contesting your liability for such Taxes;

(p) you (or any of your Owners) fail to comply with any other provision of this Agreement or any QSL System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;

(q) you (or any of your Owners) fail on two (2) or more separate occasions within any period of twelve (12) consecutive Accounting Periods or on five (5) occasions during the Term to submit when due reports or other data, information or supporting records; or to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(r) you fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer on two (2) or more separate occasions during the Term; or

(s) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your Operating Assets; the Restaurant or the Operating Assets are attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, the Restaurant or the Operating Assets, is not vacated within 30 days following the entry of such order.

18.3 **<u>After Notice</u>**. Except as described in Section 18.2 above, and except as otherwise provided by applicable law, we may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure the default specified in our notice to you (the "Default Notice") within 30 days of our Default Notice:

(a) you or a trained manager are not present at the Restaurant during all open hours;

(b) you fail to keep the Restaurant open during the required hours;

(c) you purchase or lease any product or service from an unapproved supplier;

(d) you fail to obtain and maintain permits and licenses required by applicable law;

(e) if you are a Business Entity, failure to maintain active status in your state of organization;

(f) you fail to timely make required reports;

(g) you violate any provision of this Agreement not set forth in Section 18.2;

(h) you fail to maintain any standards or procedures contained in the Manuals;

(i) your continued violation of any law, ordinance, rule or regulation of a governmental agency; or

(j) you fail to obtain any approvals or consents required by this Agreement.

18.4 Cross Default. Any default by you under the terms and conditions of this Agreement or any other agreement between us and you, which is so material as to permit us to terminate this Agreement or any other agreement, will be deemed to be a default of each and every agreement between us and you. Furthermore, in the event of termination, for any cause, of this Agreement or any other such agreement between the parties hereto, we may, at our option, terminate any or all other agreements between you and us, or between you and our Affiliates.

19. RIGHTS AND OBLIGATIONS UPON TERMINATION.

19.1 Payment of Amounts Owed to Us or to our Affiliates. You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Advertising Fees, any other amounts owed us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us which are then unpaid. In the event of termination for any default, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees and lost future Royalties and Advertising Fees as a result of the default.

19.2 Marks. Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to any other Restaurant you own and operate) identify yourself or any business as a current or former Restaurants, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a Restaurant in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us, including in any social media;

(b) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date all signs, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Restaurant and allow us, without liability to you or third parties, to remove all such items from the Restaurant and from any off-site locations, such as billboards, signage or other advertising;

(d) if we do not have or do not exercise an option to purchase the Restaurant, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Restaurant clearly from its former appearance and from other Restaurants so as to prevent confusion by the public;

(e) if we do not have or do not exercise an option to purchase the Restaurant, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(f) you agree to furnish us, within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, evidence satisfactory to us of your compliance with the foregoing obligations.

19.3 Confidential Information. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manual and any other confidential materials that we have loaned or otherwise provided to you.

19.4 Competitive Restrictions.

(a) Non-Compete Covenants. You and your Owners agree that, during the Term of this Agreement and, for a period of two (2) years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners will:

(i) have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial Owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating:

(A) at the Site;

(B) within the Protected Area;

(C) within ten (10) miles of the Protected Area (if any), and if not, within ten (10) miles of the Site; or

(D) within ten (10) miles of any other Restaurant (franchised or otherwise, including Ancillary Facilities) in operation or which is under construction and granted the right to operate in such area on the later of the effective date of the termination or expiration of this Agreement or the date on which a Person restricted by this Section complies with this Section.

(ii) not lease, license, or otherwise permit the Site, or any portion of it, to be used or occupied by a Competitive Business.

If any Person restricted by this Section 19.4(a) refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of a court order if necessary, enforcing this provision. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

(b) Covenant Not to Solicit. You and your Owners agree that, during the Term of this Agreement and for a period of two years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners will entice or induce or in any manner influence any Person, who is or was within the preceding 24 months in our or our Affiliates' employ or provides service to us or our Affiliates, to leave such employ or discontinue such service. You and your Owners agree that you will not: (i) interfere or attempt to interfere with our or our Affiliates' relationships with any vendors or consultants; or (ii) engage in any other activity which might injure the goodwill of the Marks or the QSL System.

19.5 Our Right to Purchase.

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions, or your termination of this Agreement without cause or the expiration of this Agreement, we have the option, exercisable by giving written notice to you within 60 days after the date of such termination, to purchase your Restaurant from you, including the ownership or leasehold rights to the Site. The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date". We have the unrestricted right to assign this option to purchase your Restaurant. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. If we exercise the option to purchase your Restaurant as described above, then you agree at our election:

(i) to assign your leasehold interest in the Site to us; or

(ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(c) **Purchase Price**. The purchase price for your Restaurant under this Section will be the fair market value ("Fair Market Value") of the Restaurant exclusive of any goodwill, determined in a manner consistent with reasonable depreciation of the Restaurant's equipment, signs, inventory, materials and supplies, provided that the Restaurant will be valued as an independent business and its value will not include any value for:

(i) the Franchise or any rights granted by this Agreement;

(ii) the Marks or Copyrights; or

(iii) participation in the System.

We may exclude from the assets purchased cash or its equivalent and any Operating Assets, such as equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Restaurant's operation or that we have not approved as meeting standards for Restaurants, and the purchase price will reflect such exclusions.

(d) **Appraisal**. If we and you are unable to agree on the Fair Market Value of your Restaurant within ten (10) days of the Notification Date, the Fair Market Value will be determined by an independent appraiser selected by both you and us within ten (10) days of our collective inability to timely agree on the Fair Market Value. If we cannot timely agree on an independent appraiser, then such appraiser will be selected as follows. Within five (5) days of our inability to agree on an independent appraiser, we will choose a certified public accounting firm and you will choose a certified public accounting firm. Those two firms shall, within ten (10) days, select a mutually acceptable appraisal firm (the "Appraiser") to make the independent appraisal, in accordance with this Agreement. The Appraiser shall have at least ten (10) years' experience valuing properties similar to the Restaurant and the individual responsible for valuing real estate shall be a Member Appraisal Institute (MAI) appraiser. You and we shall each bear one-half of the costs of the Appraiser.

(e) **Due Diligence**. For a period of thirty (30) days following our receipt of the Appraiser's determination of value, we have the right to conduct a due diligence investigation (the "Due Diligence Period") of your franchise, the Operating Assets, and all of your rights, liabilities and obligations. You must give us reasonable access to your facilities, books and records during the Due Diligence Period. In addition, you must otherwise reasonably cooperate with us to make yourself and Personnel available during the Due Diligence Period. We are under no obligation to continue with our due diligence if, the results of our due diligence are not satisfactory to us for any reason or if we are not satisfied with the Appraiser's opinion of value, to be determined in our sole discretion. In that case, we will notify you in writing that we are withdrawing our offer to purchase your Restaurant. At any time during the Due Diligence Period, we have the unconditional right to withdraw our offer.

(f) **Payment of Purchase Price**. The purchase price shall be paid in cash at the time of closing, which shall take place no later than thirty (30) days following the expiration of the Due Diligence Period.

(g) **Closing**. At closing you agree to deliver such instruments we reasonably request, including those documents sufficient to transfer to us:

(i) good and valid title to the Operating Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(ii) all licenses and permits of the Restaurant which may be assigned or transferred; and

(iii) the fee or leasehold interest and improvements at the Site, free and clear of all encumbrances except those we agree to assume.

19.6 Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include, but are not limited to, indemnification, payment and de-identification and covenants not to compete.

20. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION; RECORD NOTICE.

20.1 Compliance with Laws. You agree, at your sole cost and expense, to comply with all federal, state, county and municipal laws, rules, regulations, ordinances, orders, directives and requirements of all governmental authorities and public officers whether present or future, foreseen or unforeseen, ordinary or extraordinary, or shall involve any governmental change in policy, which may be applicable to the Site, the Restaurant or your operations at the Site (collectively, "Laws"). You are responsible for curing any violations of Laws that occur during the Term. The Laws specifically include state and local laws, regulations and ordinances regarding your license to sell alcohol, including restrictions placed on how and where alcohol may be served and potential liability under Dram Shop Laws related to the sale of alcohol and its consumption, as well as no smoking regulations.

You shall indemnify, defend with counsel acceptable to us, and hold us free and harmless from any and all loss, liabilities, penalties, damages, claims, causes of action, costs or expenses, including attorneys' fees, remediation and response costs, remediation plan preparation costs, monitoring and closure costs and the costs and expenses investigating and defending any government claims or proceedings, resulting from or attributable to your failure to comply with this Section 20.1. Your indemnification obligations under this Section 20.1 shall survive the expiration or sooner termination of the Term.

20.2 <u>Independent Contractors</u>. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, your Personnel and others as the owner of the Restaurant under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time.

20.3 <u>No Liability for Acts of Other Party</u>. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any Person or property directly or indirectly arising out of the Restaurant's operation or the business you conduct pursuant to this Agreement.

20.4 <u>Taxes</u>. We will not have any liability for any Taxes, whether levied upon you or the Restaurant, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such Taxes is your responsibility.

20.5 <u>Restricted Persons Representations</u>. You represent and warrant to us that, as of the date of this Agreement and at all times during the term hereof, and to your actual or constructive knowledge, neither you, any affiliate of you, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a "Specially Designated National or Blocked Person" (as defined below) or to an entity in which a Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or our owners or affiliates) are prohibited from transacting business. You further agree that you will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity.

20.6 <u>Indemnification</u>. You agree to indemnify, defend and hold harmless us, our Affiliates and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all Taxes and any and all claims and liabilities directly or indirectly arising out of the Restaurant's operation (even if our negligence is alleged) or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

20.7 <u>Memorandum of Right of First Refusal and Right to Buy</u>. Upon signing this Agreement, you must sign a then-current form of our Memorandum of Right of First Refusal and Right to Buy so we can record notice of our right to purchase and right of first refusal as provided in this Agreement.

21. <u>ENFORCEMENT</u>.

21.1 <u>Severability; Substitution of Valid Provisions</u>. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any of our QSL System Standards are invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

21.2 Waivers. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

21.3 Limitation of Liability; Force Majeure. Neither of the parties will be liable for loss or damage, nor be in breach of this Agreement, if failure to perform results from a Force Majeure Event.

Any delay resulting from a Force Majeure Event extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

21.4 Approval and Consents. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

21.5 Waiver of Punitive Damages. YOU AND WE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY (INCLUDING ANY CLAIMS AGAINST OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), AS TO ANY ACTION, SUIT OR CLAIM (WHETHER IN COURT OR BEFORE ANY OTHER TRIBUNAL) THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THIS FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT. NOTWITHSTANDING THE ABOVE, OUR AFFILIATES AND WE ARE ENTITLED TO PUNITIVE AND EXEMPLARY DAMAGES, AND ANY OTHER RIGHTS AND

REMEDIES PROVIDED BY LAW, FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION.

21.6 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT RIGHTS TO TERMINATE THIS AGREEMENT IN ANY WAY.

21.7 Governing Law. IN ANY ACTION, SUIT, OR CLAIM BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION, OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, ONLY OHIO LAW, INCLUDING OHIO STATUTES OF LIMITATION AND REPOSE, WILL APPLY TO ALL CLAIMS ASSERTED, WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.

21.8 Jurisdiction. YOU CONSENT TO VENUE AND PERSONAL JURISDICTION IN ALL LITIGATION OR ARBITRATION BROUGHT BY US OR OUR AFFILIATES AGAINST YOU, WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENT WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, IN THE FOLLOWING COURTS: (A) THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS, AND, (B) THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.

21.9 Venue. YOU AGREE THAT IN ALL LITIGATION BROUGHT AGAINST US, OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, ARBITRATION OR OUR AFFILIATES' PRESENT OR FORMER AGENTS AND

EMPLOYEES, FOR ANY REASON THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, SUCH ACTION WILL BE BROUGHT AND VENUE WILL BE PROPER ONLY IN THE FOLLOWING COURTS AND NO OTHERS: (A) FOR CASES WHERE FEDERAL JURISDICTION WOULD NOT EXIST IF THE CASE WERE BROUGHT IN FEDERAL COURT, THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS; AND, (B) FOR ALL OTHER CASES, THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.

21.10 Waiver of Jury Trial. IN ANY ACTION OR SUIT BROUGHT BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), THAT IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATION WITH US, INCLUDING BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO SUCH RELATION, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATION, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATION, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, YOU AND WE AGREE THAT IN THE EVENT THAT SUCH ACTION IS RESOLVED THROUGH A COURT PROCEEDING, SUCH ACTION WILL BE TRIED TO A COURT WITHOUT A JURY.

21.11 Arbitration.

(a) Except as otherwise specified in this Section 21.11, all controversies, claims or disputes between you and us of whatever kind or nature, whether arising out of or relating to the negotiation, performance or breach of this or any other agreement or otherwise, must be settled by arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules, as herein modified. This provision encompasses all causes of action, whether nominally a "claim", "counterclaim" or "cross-claim", and whether arising under common law or any state or federal statute. As used in this Section 21.11, the terms "us" and "you" include, without limitation, the past and present employees, agents, representatives, officers, directors, shareholders, members, guarantors, sureties, parent corporations, general partners, limited partners, subsidiary corporations, controlled affiliated entities, predecessors, successors and/or assigns of each party hereto. The parties intend that this provision be given the broadest possible interpretation by a court of law.

(b) Arbitration must be initiated within the lesser of the time periods (a) set forth in Section 21.6 below or (b) permitted under the applicable statute of limitations for the cause of action asserted. Any claim, controversy or dispute that is not so initiated within said lesser period shall not be eligible for arbitration under any circumstances. Arbitration shall be initiated as provided in the Rules of the AAA by the filing of a demand for arbitration with the regional office of the AAA located in the city and state located closest to our principal place of business. The arbitration proceedings, including without limitation all conferences, preliminary and dispositive hearings shall be conducted in such city and state unless all parties agree to another venue. Actions to enforce an express obligation to pay moneys may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules, provided there are no counterclaims. The arbitrator(s) may issue such orders for interim relief as may be deemed necessary to safeguard the rights of the parties during the arbitration, but without prejudice to the ultimate rights of the parties, to the final determination of the dispute or to the our rights to seek equitable relief from a court of competent jurisdiction at any time, even during the pendency of any arbitration proceedings initiated hereunder. The arbitrator(s) shall have no authority to award either party attorneys' fees. Nothing herein contained shall bar our right to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

(c) Judgment on the award, including, without limitation, any interim award for interim relief, rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The binding or preclusive effect of any award shall be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind whatsoever.

(d) The Federal Arbitration Act and related federal judicial procedure shall govern this contract to the fullest extent possible, excluding all state arbitration law, irrespective of the location of the arbitration proceedings, the nature of the dispute between the parties or the nature of the court in which any related judicial proceedings may be brought. Except as provided in the preceding sentence respecting arbitration law, the resolution of all disputes between the parties bound hereunder, whether in tort and regardless of the place of injury or the place of the alleged wrongdoing or whether arising out of or relating to the parties' contractual relationship, shall be governed by the law of the State of Ohio without regard to choice of law principles.

(e) Disputes concerning the validity or scope of this Section 21.11, including, without limitation, whether a dispute is arbitrable hereunder, shall be beyond the authority of the arbitrator(s) and shall be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time. In addition, the causes of action specified in the following subsection 21.11 are the sole and exclusive exceptions to the agreement of the parties hereto to resolve disputes through arbitration.

(f) We shall have the option to litigate any one or more of the following causes of action and shall exercise said option by filing a complaint in any court of competent jurisdiction:

(i) The enforcement of an obligation to pay money to us or any of our Affiliates under any agreement;

(ii) Any action based upon an allegation of your intentional underreporting of sales;

(iii) Any action for declaratory or equitable relief, including, without limitation, seeking of preliminary and/or permanent injunctive relief, specific performance, other relief in the nature of equity or any action at law for damage to our property or property interests or in equity to enjoin any harm or threat of harm to our goodwill, Marks or its tangible or other intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(iv) Any action seeking to terminate this Agreement based upon your material breach of Section 18.2(f)) of this Agreement; or

(v) Any action in ejectment or for possession of any interest in real or personal property.

(g) In the event we litigate any cause of action pursuant to Section 21.11, you shall not file any counterclaim, cross-claim, offset claim or the like against us in the litigation, unless you expressly waive the right to a trial by jury and any and all claims for punitive, multiple and/or exemplary damages, or attorneys' fees or court costs. Otherwise, you shall submit each such counterclaim, cross-claim, offset claim or the like to arbitration.

(h) It is the intent of the parties that any arbitration between us shall be of your individual claim and that no claim subject to arbitration shall be arbitrated on a class wide basis. No party shall initiate or participate in any class action litigation or arbitration claim against any other party bound hereby.

(i) The provisions of this Section 21.11 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

21.12 **Injunctive Relief**. If you violate any of the covenants described above, we are entitled to preliminary and permanent injunctive relief, without the requirement that we post a bond, and all monies and other consideration you received as a result of any violations of the covenants, as well as all other damages.

21.13 **Cumulative Remedies**. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

21.14 **Binding Effect**. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

21.15 Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or in any related agreement is intended to disclaim the express representations we made in the Franchise Disclosure Document that we furnished to you.

21.16 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any Person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement with respect to our Affiliates or Approved Suppliers, no other party has any rights because of this Agreement.

21.17 Construction. The headings of the sections are for convenience only. If two or more Persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original.

21.18 Time is of the Essence. Time is of the essence in this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

22. NOTICES AND PAYMENTS.

All notices permitted or required under this Agreement or by the Manuals must be in writing and will be deemed delivered:

(a) at the time delivered by hand;

(b) 1 business day after being placed in the hands of a nationally recognized commercial airborne courier service for next business day delivery; or

(c) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: QSL FRANCHISE SYSTEMS LLC
24601 Center Ridge Road
Westlake, Ohio 44145-5634
Attention: VP – Franchising Development

with a required copy to: QSL FRANCHISE SYSTEMS LLC
Two Newton Place
255 Washington Street
Newton, Massachusetts 02458-2094
Attention: General Counsel

If to You: ______________________________
____
____
Attention: ______________________

Either you or we may change the address for delivery of all notices and reports by notice given in the manner set forth above.

[SIGNATURES ON FOLLOWING PAGE]

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts on the Agreement Date.

"US":	**"YOU":**
QSL FRANCHISE SYSTEMS LLC	______________________________
	[Business Entity Name]
By: ____________________________	By: ______________________________
Name: __________________________	Name: ____________________________
Title: ___________________________	Title: _____________________________
Date: ___________________________	Date: _____________________________

EXHIBIT "A" TO FRANCHISE AGREEMENT

OWNERS' STATEMENT

This form must be completed by the franchisee ("Franchisee" or "You") if You have multiple owners or if You are a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to You.

1. **Form of Owner**. Franchisee is a (check one):

(a)	General Partnership	____________________
(b)	Corporation	____________________
(c)	Limited Partnership	____________________
(d)	Limited Liability Company	____________________
(e)	Other	____________________
	Specify:	____________________

2. **Business Entity**. Franchisee was incorporated or formed on _________, _____________, under the laws of the State of _____________. Franchisee has not conducted business under any name other than my corporate, limited liability company or partnership name and _____________. The following is a list of all Persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
______________________________________	___________________________________
______________________________________	___________________________________
______________________________________	___________________________________
______________________________________	___________________________________
______________________________________	___________________________________

3. **Principal Owners**. Listed below are the full names and mailing addresses of each Person who is a Principal Owner of Franchisee, and a description of the nature of such Principal Owner's direct or indirect equity interest in Franchisee:

Name:_________________________________ Address:_______________________________ ______________________________________	Number of Shares Owned in You: __________ and % of Total Shares in You: __________ or % of Equity Interest in You: __________ or Other Ownership Interest in You: __________

Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________
Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________
Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________

4. **Other Owners**:

Listed below are the full names and mailing address of each Person, other than the Principal Owners, who directly or indirectly owns an equity interest in You and a description of the nature of the interest (attach additional sheet if required):

Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________
Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________
Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________
Name:__________________________________ Address:________________________________ ____	Number of Shares Owned in You: ___________ and % of Total Shares in You: ___________ or % of Equity Interest in You: ___________ or Other Ownership Interest in You: ___________

5. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your Business Entity (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of ______________, _______________.

OWNER

INDIVIDUALS:

____
Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

BUSINESS ENTITY:

____
[Name]

By: ___________________________________
Name: _________________________________
Title: _________________________________

EXHIBIT "B" TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF YOUR OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF YOUR OBLIGATIONS is given this _____ day of ____________, 201__, by the undersigned.

You: ____
(NAME)

Date of Franchise Agreement: ________________________

For purposes of this Agreement, "we", "us" or "our" means QSL Franchise Systems LLC, our successors and assigns; "you" or "your" means the Franchisee named above, and any or all of its Principal Owners.

In consideration of, and as an inducement to, the execution of the above-referenced Franchise Agreement (the "Agreement") by us, each of the undersigned and any other parties who sign counterparts of this guaranty (referred to herein individually as a "Guarantor" and collectively as "Guarantors") hereby personally and unconditionally: (a) guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that he or she will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and other obligations, including without limitation, the obligation to pay costs and legal fees as provided in the Agreement and the obligation to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of the Agreement relating to competitive activities (the "Guaranty").

Each Guarantor waives:

1. acceptance and notice of acceptance by us of the foregoing undertakings; and

2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

4. any right to require that an action be brought against you or any other Person as a condition of liability; and

5. all rights to payments and claims for reimbursement or subrogation which we may have against you arising from execution of and performance under this guaranty by the undersigned (including by way of counterparts); and

6. any and all other notices and legal or equitable defenses which may be available.

Each Guarantor consents and agrees that:

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

(B) any payment or performance required under the Agreement will be rendered upon demand if you fail or refuse punctually to do so; and

(C) such liability will not be contingent or conditioned upon pursuit by us of any remedies against you or any other Person; and

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

(E) your written acknowledgment, accepted in writing by us, or the judgment of any court of competent jurisdiction establishing the amount due from you will be conclusive and binding on the undersigned as a Guarantor.

If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantor will reimburse us for any attorneys’ fees or other legal costs and expenses incurred by us.

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

GUARANTOR(S)

____

____

____

____

____

____

EXHIBIT "C" TO THE FRANCHISE AGREEMENT

DATED ________________, 201___
WITH

____
(Name of Franchise Owner)

A. Your Protected Area:

□ None: or the area described as follows: ____________________________________
____
____

□ Check if map is attached.

_____ Your initials _____ Our Initials

YOU:

____
Print Name: ________________________
Date: _____________________________

US:

____
Print Name: ________________________
Date: _____________________________

B. Your Site:

____

____

_____ Your initials _____ Our Initials

C. QSL Sites Excluded From Your Protected Area:

____

____

_____ Your initials _____ Our Initials

EXHIBIT "D" TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **QSL FRANCHISE SYSTEMS LLC**, with its principal business address located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (the "Franchisor"), and ______________________ whose current principal place of business is ______________________________ (the "Franchisee").

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "Franchise Agreement") dated as of _________, 201__ with the Franchisee, pursuant to which the Franchisee plans to own and operate a Quaker Steak & Lube® (the "Restaurant") located at ________________________ (the "Site"). In addition, pursuant to that certain Lease Agreement (the "Lease"), the Franchisee has leased or will lease certain land on which the Restaurant is or will be located from ________________________ (the "Lessor"). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings ascribed to such terms in the Lease.

3. **Indemnification of Franchisor**: The Franchisee agrees to indemnify and hold the Franchisor and its Affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment**: The Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Restaurant, and all of the Franchisee's rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by the Franchisee or its Affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of

any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by the Franchisee under the terms of the Lease or the Franchise Agreement, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default under the Lease by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **<u>No Subordination</u>**: Neither Franchisee nor Lessor shall permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease or state law, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. Neither Franchisee nor Lessor will terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **<u>Exercise of Remedies</u>**: In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

(c) to exclude the Franchisee, its agents or employees from the Site;

(d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Restaurant and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

(g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

7. **Power of Attorney**: The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any Person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

9. **Binding Agreements**: This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other Persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such Persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **<u>Assignment to Control</u>**. This Assignment governs and controls over any conflicting provisions in the Lease.

11. **<u>Severability</u>**. If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

THE "FRANCHISEE":	**THE "FRANCHISOR":**
______________________________	**QSL FRANCHISE SYSTEMS LLC**
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

The Lessor hereby consents, agrees with, approves of and joins in with this CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE.

THE "LESSOR":

____

By: ___________________________
Name: _________________________
Its: ___________________________
Date: __________________________

EXHIBIT "E" TO THE FRANCHISE AGREEMENT

ELECTRONIC FUND TRANSFER AUTHORIZATION
Authorization Agreement for Direct Payments to QSL Franchise Systems, LLC

Franchisee Name: ____

Employer Identification Number (EIN) or Social Security Number (SSN):__________________

Business Address:____

Work Phone: (___) ____

Franchisee hereby authorizes QSL Franchise Systems LLC ("QSL") to initiate debit entries to Franchisee's Account indicated below at the depository financial institution hereinafter called "BANK", to allow payment to QSL for continuing weekly Royalty Fees and weekly contributions to the QSL Ad Fund due under the parties' Franchise Agreement. Franchisee hereby authorizes BANK to honor, execute and charge Franchisee's account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee's account must comply with the provisions of U.S. Law.

BANK Name: ____

Branch: ____

Address: ____

Routing Number: ____

Accounting Number: ____

Date of Debit: _____________ of each week

This authority will remain in effect until Franchisor is notified by Franchisee in writing (pursuant to the Franchise Agreement) that such authority is cancelled in such time as to afford Franchisor and BANK a reasonable opportunity to act upon it.

FRANCHISOR	**FRANCHISEE**
QSL FRANCHISE SYSTEMS LLC	[____________________________________]
By: ________________________________ Name: Its: Date:	By: ________________________________ Name: Its: Date:

EXHIBIT "F" TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT is made and entered into this _____ day of ____________, ________, by and among QSL FRANCHISE SYSTEMS LLC ("Franchisor"), ____________________________________ ("Franchisee") and the undersigned (the "Franchisee Parties"). For purposes of this Agreement only, Franchisee and the Franchisee Parties shall be referred to herein, collectively as "Franchisee."

W I T N E S S E T H

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement, dated as of ____________, 201__ (the "Franchise Agreement"), pursuant to which, among other things, Franchisor has granted to Franchisee the right to operate a Restaurant (as defined in the Franchise Agreement);

WHEREAS, in connection with the operation of the Franchised Business, Franchisee will receive certain Confidential Information (as defined in the Franchise Agreement);

WHEREAS, the parties desire to preserve, maintain and protect the confidential nature of such information;

NOW, THEREFORE, in consideration of the premises above, and the mutual covenants and agreements set forth herein and in the Franchise Agreement, and other good and valuable consideration, the parties hereto agree as follows:

1. Franchisee covenants and agrees for and on behalf of itself and each of its officers, directors, shareholders, employees and agents ("Representatives"), that it shall at all times hold, treat and maintain as secret and confidential (unless disclosure is requested by Franchisor or is required pursuant to court order, subpoena in governmental proceeding, arbitration or other requirement of law) all Confidential Information (as defined in the Franchise Agreement). In the event Franchisee is legally compelled to disclose any of the Confidential Information, it is agreed that Franchisee will provide Franchisor with prompt written notice of such request so that Franchisor may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or Franchisor waives compliance with the provisions of this Agreement, Franchisee agrees that it will furnish only that portion of the Confidential Information and other information which, in the written opinion of its counsel, it is compelled to disclose or else stand liable for contempt or suffer other censure or penalty, and Franchisee will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information and other information which is being disclosed.

2. Franchisee covenants and agrees to disclose Confidential Information only to those Representatives who need to know such information for the purpose of operating the Franchised Business, and who (a) are advised by Franchisee of this Agreement and its

terms, and (b) agree to be bound by the provisions hereof. Franchisee further covenants and agrees who to make all reasonable, necessary and appropriate efforts to protect and safeguard the Confidential Information from disclosure to anyone other than as permitted hereby. In furtherance of such efforts, Franchisee agrees that it will not, without the prior written consent of Franchisor, duplicate or distribute the Confidential Information to anyone other than as permitted hereby.

3. Franchisee shall be responsible for maintaining the secrecy and confidentiality of the Confidential Information and will be responsible in this regard for the actions and activities of all of its Representatives who receive any Confidential Information; and, Franchisee shall indemnify and hold harmless Franchisor from all damages and expense (including attorneys' fees) which Franchisor may sustain as a result of any unauthorized disclosure of Confidential Information by Franchisee or any of its Representatives.

4. Franchisee covenants and agrees that it shall, in accordance with the terms and provisions of the Franchise Agreement, return to Franchisor all Confidential Information, including all copies, extracts or other reproductions of such Confidential Information, and destroy all written material, memoranda, reports, notes and other writings or recordings whatsoever which were prepared by it or its Representatives based upon or in connection with its or their review, in whole or in part, of such Confidential Information.

5. This Agreement may not be assigned by operation of law or otherwise by Franchisee without the prior written consent of Franchisor. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. The rights and privileges of Franchisor hereunder shall inure to the benefit of the subsidiaries and affiliates of Franchisor, without assignment or other action, and such subsidiaries and affiliates are hereby acknowledged to be third party beneficiaries hereunder.

6. Franchisee recognizes and agrees that Franchisee's failure or refusal to maintain the confidentiality of the Confidential Information in accordance herewith will inflict irreparable harm upon Franchisor for which there will likely not be any adequate remedy at law, and that Franchisor shall have the right to seek the remedies of injunctive relief therefor.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard for or to the choice of law provisions thereof.

8. This Agreement may be executed in multiple counterparts, each of which shall be deemed as original, and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, each party hereto has executed this Agreement as of the day and year first written above.

QSL FRANCHISE SYSTEMS LLC

By: ____

Its: ____

[FRANCHISEE]

By: ____

Its: ____

____

____

____

____

("Franchisee Parties")

EXHIBIT “G” TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

STATE OF ILLINOIS

FRANCHISE AGREEMENT

ADDENDUM

The **Franchise Agreement** entered into as of the _____ day of _________________, 20__, by QSL FRANCHISE SYSTEMS LLC **("QSL")** and the undersigned as "Franchisee" is hereby amended as follows by mutual agreement of the parties in compliance with the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44:

1. Sections 21.7, 21.8, and 21.9 of the Franchise Agreement are each amended to include the following:

   1. "To the extent required by applicable Illinois law, this section shall not in any way abrogate or reduce any rights of the franchisee as specifically provided in the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44 or other applicable Illinois law"

   Section 4 of the Illinois Franchise Disclosure Act states that "Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void provided that a franchise agreement may provide for arbitration in a forum outside of this State."

2. To the extent required by law, the Franchise Agreement shall be subject also to the applicable provisions of the Illinois Franchise Disclosure Act, 815 ILSC 705/1-44 and other applicable Illinois law.

3. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or other applicable Illinois law is void.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the ____ day of ______________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____
Name:
Title

FRANCHISEE

By:____
Name
Title:

STATE OF MARYLAND

FRANCHISE AGREEMENT

ADDENDUM

This Addendum to Franchise Agreement is entered into by and between **QSL FRANCHISE SYSTEMS LLC ("QSL")** and the undersigned as "Franchisee" to amend said Franchise Agreement as required by the State of Maryland as follows:

1) Any 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.

2) A franchisee may file a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3) Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language:

> "Notwithstanding anything herein to the contrary, any and all claims and actions arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise."

4) 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum to Franchise Agreement and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the _____ day of __________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____
Name:
Title

FRANCHISEE

By:____
Name
Title:

STATE OF MINNESOTA

FRANCHISE AGREEMENT

ADDENDUM

This Addendum to Franchise Agreement is entered into by and between **QSL FRANCHISE SYSTEMS LLC ("QSL")** and the undersigned as "Franchisee".

Pursuant to the requirements of the Minnesota Franchise Disclosure Laws, Chapter 80C.01 to 80C.22, the **Franchise Agreement** (the "Agreement") is amended as follows:

1. Section 10.3 of the Franchise Agreement, is hereby supplemented by the addition of the following language thereto:

   "The State of Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Therefore, in accordance with Minnesota Stat. §80C.12, Subd. 1(g), QSL will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minnesota law. Franchisor does not indemnify against the consequences of Franchisee's use of the trademarks except in accordance with the requirements of the Franchise Agreement."

2. Sections 18.2 and 18.3 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

   "Minnesota Law provides franchisees with certain Termination and non-renewal rights. Minnesota Stat. §80C.14, Subd. 3, 4, and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days notice for non-renewal of the Franchise Agreement."

5. Sections 16.3(h) and 17.3 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

   "Minnesota Rule 2860.4400D prohibits QSL from requiring you to assent to a general release. In addition, to the extent required by applicable Minnesota law, no provision which is inconsistent with the Minnesota law, shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, 1984, Chapter 80C, including your rights to submit matters to the jurisdiction of the courts of Minnesota."

6. Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears:

   "No action may be commenced pursuant to Minnesota Stat. §80C.17 more than three years after the cause of action accrues."

7. Sections 21.7, 21.8, and 21.9 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

"Minnesota Statutes §80C.21 and Minnesota Rule 2860.4400J prohibit QSL from requiring litigation to be conducted outside Minnesota. In addition, nothing in the agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

8. Section 21.12 of the Franchise Amendment is hereby amended by the addition of the following language to the original language that appears:

"Under Minnesota law, you cannot consent to QSL obtaining injunctive relief, although QSL may seek such relief. A court will determine if a bond is required."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the ____ day of ______________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____

Name:

Title

FRANCHISEE

By:____

Name

Title:

STATE OF NEW YORK

FRANCHISE AGREEMENT

ADDENDUM

This Addendum to Franchise Agreement is entered into by and between **QSL FRANCHISE SYSTEMS LLC ("QSL")** and the undersigned as "Franchisee". Pursuant to the requirements of the New York Franchise Act, the **Franchise Agreement** (the "Agreement") is amended as follows:

1. The Franchise Agreement is hereby amended to provide that all rights enjoyed by Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent that the nonwaiver requirements of New York General Business Law §687.4 and §687.5 be satisfied.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the **____** day of **______________________**, 20**___**.

QSL FRANCHISE SYSTEMS LLC

By:____
Name:
Title

FRANCHISEE

By:____
Name
Title:

STATE OF NORTH DAKOTA

FRANCHISE AGREEMENT

ADDENDUM

This Addendum to Franchise Agreement is entered into by QSL FRANCHISE SYSTEMS LLC **("QSL")** and the undersigned as "Franchisee" to amend the **Franchise Agreement** (the "Agreement") as required by the State of North Dakota to include the following:

1. Section 19.4 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   "Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code and may not be enforceable in the State of North Dakota.**"**

2. Section 21.11 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   "Any arbitration hearing will be conducted at a mutually agreed upon location which shall not be remote from the site of franchisee's business."

3. Section 21.5 of the Franchise Agreement is hereby deleted.

4. Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   "Notwithstanding anything herein to the contrary, the statute of limitation under the laws concerning franchising of the State of North Dakota will apply."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the ____ day of _____________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____
Name:
Title

FRANCHISEE

By:____
Name
Title:

STATE OF RHODE ISLAND

FRANCHISE AGREEMENT

ADDENDUM

The **Franchise Agreement** entered into as of the_____ day of __________________, 20___, by **QSL FRANCHISE SYSTEMS LLC ("QSL")** and the undersigned as "Franchisee" is hereby amended as follows by mutual agreement of the parties in compliance with the Rhode Island Franchise Investment Act, Stat. 19-28.1-14:

1. Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the ____ day of _____________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____
Name:
Title

FRANCHISEE

By:____
Name
Title:

STATE OF WASHINGTON

FRANCHISE AGREEMENT

ADDENDUM

The **Franchise Agreement** entered into as of the ___ day of _________________ , 20___, by **QSL FRANCHISE SYSTEMS LLC ("QSL")** and the undersigned as "Franchisee" is hereby amended as follows by mutual agreement of the parties in compliance with the Washington Franchise Investment Protection Act, RCW §§ 19.100.010 to 19.100.940 (1991) and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act").

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your Franchise.

2. 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.

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

4. A release or waiver of rights executed by You shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise 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 Franchise Act, rights or remedies under the Franchise Act such as a right to a jury trial may not be enforceable.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the ____ day of ______________________, 20___.

QSL FRANCHISE SYSTEMS LLC

By:____

Name:

Title

FRANCHISEE

By:____

Name

Title:

EXHIBIT C1

GENERAL RELEASE

GENERAL RELEASE

In exchange for ___________________________, which the parties hereto acknowledge as adequate consideration, _______________________________ ("you") hereby grant to QSL Franchise Systems LLC ("we" or "us"), the following general release:

You, for yourself and your affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, employees, heirs and personal representatives ("Franchisee Affiliates"), hereby fully and forever unconditionally release and discharge us and each of our affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as "Franchisor Affiliates") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever ("Released Claims"), in law or in equity, whether known or unknown, which the Franchisee or the Franchisee Affiliates may now have against us or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with us or Franchisor Affiliates, (ii) the Terminated Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of the effective date of this Addendum.

You represent that you have not assigned, subrogated, pledged or transferred to any person or entity any of the claims, demands, or causes of action released herein.

You acknowledge that you have had the opportunity to review this General Release with independent counsel before executing it, and hereby execute it freely, voluntarily, and with the intention of being legally bound.

EXECUTED THIS _____________ DAY OF ____________, 20___.

____
[FRANCHISEE]

EXHIBIT D

LIST OF STATE ADMINISTRATORS

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500	**NEW YORK** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 5th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500
INDIANA Indiana Secretary of State Franchise Section Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	**SOUTH DAKOTA** Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
MICHIGAN Department of Attorney General Consumer Protection Division, Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98501 (360) 902-8760
MINNESOTA Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	**WISCONSIN** Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT E

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500	**NEW YORK** Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	**NORTH DAKOTA** Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Attorney General of the State of Illinois 500 S. Second Street Springfield, IL 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500
INDIANA Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**SOUTH DAKOTA** Director of the Division of Insurance 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Securities Commissioner Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9051
MICHIGAN Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117	**WASHINGTON** Director of Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	**WISCONSIN** Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT F

TABLE OF CONTENTS OF MANUALS

EXHIBIT G

STATE SPECIFIC ADDENDA

Addendum to Disclosure Document
Pursuant to the California Franchise Investment Law

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT http://www.dbo.ca.gov

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.

1. Item 3 is amended to state that neither we nor any person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

2. Item 17 is amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains a provision that is inconsistent with the law, the law will control.

3. The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

4. Item 17 is amended to state that the Franchise Agreement and Area Development Agreement contain provisions requiring application of the laws of Ohio. These provisions may not be enforceable under California law.

5. Item 17 is amended to state that The Franchise Agreement and Area Development Agreement require that any authorized litigation be conducted in Ohio. These provisions may not be enforceable under California law. Prospective franchisees at encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. Item 17 is amended to state that you must sign a general release of claims if you renew or transfer your franchise, California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of

your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

7. Item 17 is amended to state that California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement.

8. Item 17 is amended to state that the Franchise Agreement and Area Development Agreements contain a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Addendum to Disclosure Document
Pursuant to the Illinois Franchise Disclosure Act

1. Notice Required by Law:

   THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. Item 17 is amended to state that he provisions of the Franchise Agreement and Area Development Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act or other Illinois law. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

3. Section 41 of the Illinois Franchise Disclosure Act states 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".

4. It is a violation of the Illinois Franchise Disclosure Act for a franchisor to terminate a franchise of a franchised business located in the State of Illinois before the expiration of its term except for good cause. Good cause includes the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure any default after being given notice and a reasonable opportunity to cure, which in no event need be more than thirty days. Good cause includes, but without the requirement of notice and an opportunity to cure, situations in which the franchisee makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchised business; or voluntarily abandons the franchised business; or is convicted of a felony or other crime which substantially impairs the goodwill associated with the franchisor's trademark, service mark, trade name or commercial symbol; or repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

5. It shall be a violation of the Illinois Franchise Disclosure Act of 1987 for a franchisor to refuse to renew a franchise of a franchised business located in the State of Illinois without

compensating the franchisee either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where: the franchisee is barred by the franchise agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise; or the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least six months before the expiration date or any extension of the expiration date.

6. Section 4 of the Illinois Franchise Disclosure Act of 1987 states that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of the State of Illinois is void with respect to any cause of action which is otherwise enforceable in the State of Illinois; however, a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

Addendum to Disclosure Document
Pursuant to the Indiana Franchise Practices Act

1. Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)).

Addendum to Disclosure Document
Pursuant to the Maryland Franchise Registration and Disclosure Law

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Item 17 is amended to state that the provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 is amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise.

3. Item 17 is amended to state that any 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.

4. Item 17 is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MICHIGAN ADDENDUM TO 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 of 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 the state of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the state of Michigan.

(g) A provision which permits 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 service.

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:

OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
FRANCHISE SECTION
525 W. OTTAWA ST.
G. MENNEN WILLIAMS BUILDING, FIRST FLOOR
LANSING, MICHIGAN 48933
517-373-7117

Addendum to Disclosure Document Pursuant to the Minnesota Franchise Investment Law

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Disclosure Document for use in the State of Minnesota contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee's use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Franchise Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.

2. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that a franchisee be given written notice of a franchisor's intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Franchise Agreement, Area Development Agreement, and/or the Disclosure Document contain(s) a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement or Area Development Agreement shall be superseded by the Act's requirements and shall have no force or effect.

3. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure). If the Franchise Agreement and/or the Disclosure Document contain(s) a provision that is inconsistent with the Franchise Act, the provision of the Franchise Agreement or Area Development Agreement shall be superseded by the Act's requirements and shall have no force or effect.

4. If the Franchise Agreement, Area Development Agreement and/or the Disclosure Document requires you to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

5. If the Franchise Agreement, the Area Development Agreement, and/or the Disclosure Document require(s) that it be governed by a state's law, other than the State of Minnesota, or arbitration or mediation, those provisions shall not in any way abrogate or

reduce any rights of the Franchisee as provided for in the Franchise Act, including any right to submit matters to the jurisdiction of the courts of Minnesota.

6. If the Franchise Agreement, Area Development Agreement, and/or the Disclosure Document require(s) you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in risk factor 1 on the cover page of the Disclosure Document that the Agreement requires you to sue outside the State of Minnesota is not applicable because of the Franchise Act.

7. Item 17 of the Disclosure Document shall be supplemented by the addition of the following new paragraph: Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

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

Addendum to Disclosure Document
Pursuant to the New York Franchise Sales Act

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 120 BROADWAY, 23rd FLOOR, NEW YORK, N.Y. 10271.

2. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THE PROSPECTUS.

3. Item 3 is amended to add the following:

   Except as otherwise set forth herein, neither we nor any individual listed in Item 2, have pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) 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.

Except as otherwise set forth herein, neither we nor any individual listed in Item 2, have been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud; embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

Except as otherwise set forth herein, neither we nor any individual listed in Item 2, are subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or are subject to any currently effective order of any 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 are 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.

4. Item 4 is amended to add the following:

Except as otherwise set forth herein, during the 10-year period immediately preceding the date of this disclosure document, neither we nor any person identified in Item 2 above, has filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; obtained a discharge of its debts under the bankruptcy code; or 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.

5. No changes will be made to the Manuals which would impose an unreasonable economic burden on the franchisee or unreasonably increase its obligations.

6. While the Franchise Agreement and Area Development Agreement do not provide for any right of the franchisee to terminate the franchise, the franchisee may terminate the Franchise Agreement upon any grounds available by law.

7. We will not assign your Franchise Agreement or Area Development Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the agreements.

Addendum to Disclosure Document
Pursuant to the North Dakota Franchise Disclosure Act

1. Item 17 is amended to state that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, Area Development Agreement, the other agreements or Ohio law if such provisions are in conflict with North Dakota law. The Franchise Agreement and Area Development Agreement will be governed by North Dakota law.

3. Item 17(R) is amended to add the following language: "Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code and may not be enforceable in the State of North Dakota."

4. Item 17(U) is amended to add the following language: "Any arbitration hearing will be conducted at a mutually agreed upon location which shall not be remote from the site of franchisee's business."

5. Item 17 is amended to state that any provision in the Franchise Agreement or Area Development Agreement which requires you to waive your right to a trial by jury is deleted.

6. Items 17 is amended to state that no release language set forth in the Franchise Agreement or Area Development Agreement shall relieve us or our affiliates from liability imposed by the North Dakota Franchise Disclosure Act.

Addendum to Disclosure Document
Additional Information Required by the State of Rhode Island

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.* (the "Act"), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 is amended to state that termination of a franchise agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Item 17 is amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Item 17 is amended to state that any provision in the franchise agreement or area development agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Addendum to Disclosure Document
Pursuant to the Laws of South Dakota

1. Covenants not to compete upon termination of the Franchise Agreement are generally unenforceable in the State of South Dakota.

2. The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of South Dakota; but as to contractual and all other matters, the Franchise Agreement, Area Development Agreement and all provisions will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the State of Ohio.

3. The provisions in this Disclosure Document and in the Franchise Agreement and Area Development Agreement, to the extent that they refer to termination for breach of the Franchise Agreement or Area Development Agreement, failure to meet performance standards, and/or failure to make royalty payments, must afford a licensee thirty days written notice with an opportunity to cure said default before termination.

4. Pursuant to SDCL 37-5B, any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate a chapter or rule under a chapter.

Addendum to Disclosure Document
Pursuant to the Virginia Retail Franchise Act

Item 17 is amended to state that, pursuant to 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 or Area Development Agreement do 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.

Addendum to Disclosure Document
Pursuant to the Washington Franchise Investment Protection Act

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with us, including 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.

2. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the

statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. In any arbitration involving a franchise purchase 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.

QSL FRANCHISE SYSTEMS LLC

DISCLOSURE DOCUMENT RECEIPTS

EXHIBIT H TO THE DISCLOSURE DOCUMENT

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 QSL Franchise Systems LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 appropriate state agency identified on Exhibit D.

The franchisor is QSL Franchise Systems LLC, located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Its telephone number is (440) 808-9100.

The name, principal address and telephone number of each franchise seller offering the franchise is: Bruce Lane, Vice President Franchise Services, QSL Franchise Systems LLC, blane@thelube.com.

Issuance Date: April 1, 2019, as amended April 25, 2019

See Exhibit E for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 1, 2019, as amended April 25, 2019 that included the following exhibits:

A	Financial Statements
B	Area Development Agreement
C	Franchise Agreement
C1	General Release
D	State Administrators
E	Agents for Service of Process
F	Table of Contents of Manuals
G	State Specific Addenda
H	Receipts

DATED:______________________________________
SIGNED:______________________________________, individually as
an officer or partner of ____
(a ____________________________________ corporation/partnership/limited liability company)
NAME:____
ADDRESS:____
PHONE:____

[KEEP THIS COPY FOR YOUR RECORDS]

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H	Receipts

DATED:___________________________________
SIGNED:___________________________________, individually as
an officer or partner of ___________________________________
(a ________________________________ corporation/partnership/limited liability company)
NAME:____
ADDRESS:____
PHONE:____

[Please sign this copy of the Receipt, date your signature and return to QSL Franchise Systems LLC, Franchise Administrator, 24601 Westlake, Ohio 44145-5634]