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Rocky Rococo

FRANCHISE DISCLOSUITE DOCUMENT

Rococo Franchise Corporation
I 05 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
(262) s69-ss80

Brief Description ofthe franchised business: The franchised business is a restaurant specializing in pan style pizza and pasta dishes.

The total investment necessary to begin operation of a ROCKY ROCOCO PIZZA AND PASTA is $211,000 to $705,000. This includes $25,000 that must be paid to the franchisor.

You may wish to receive your Disclosure Document in another lormat that is more convenient for you. To discuss the availability ofdisclosures in different formats, contact the franchisor's office at 105 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, (262) 569-5580.

The terms ofyour contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all ofyour contract carefully. Show your contract and this Disclosure Document to an advisor. like a Iawyer or an accountant.

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www.rockyrococo.com/franchisin g trevh@rockvrococo.com

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 l4 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

Buying a franchise is a complex investmcnt. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise". which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at wv,w..fic. gov lor 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.

This Franchise Disclosure Document was issued on April 24.2025

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How to Use This Franchise Disclosure Document

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

QUESTION

How much can I earn? Item l9 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information
from others. like current and former franchisees. You can find
their names and contact infonnation in ltem 20.

How much will I need to invest? Iterns 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. llem 7 lists the initial investment to
open. ltem 8 describes the suppliers you must use.

Does the franchisor have thc
financial ability to provide
support to my business?

Item 2l or Exhibit FIN includes financial statements. Review these statements carefully.

Is the franchise system stable,
growing, or shrinking?

Item 20 summarizes the recent history ofthe number of company-owned and franchised outlets.

Will my business be the only
Rocky Rococo Pizza and Pasta in my area?

Item l2 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete rvith you.

Does the franchisor have a
troubled legal history ?

3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.

What's it like to be a Rocky
Rococo Pizza and Pasta
franchisee?

Itcm 20 lists current and fonner franchisecs. You can contact thenl to ask about Iheir experiences.

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WIIERE TO FIND INFORMATION

Continuins resnonsibilitv to pav fees. You may have to pay royalties and other fees even ilyou are losing money

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to
your ftanchise agreement. Ifso, you should check the State Specific Addenda. See the'l'able of Contents for the location ofthe State Specific Addenda.

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What You Need to Know About Franchising Generally

Special Risks to Consider Ab otrt This Franchise

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

l. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor in accordance with the United States Arbitration Act, if applicable, and the rules of the American Arbitration Association at its office nearest to home office of franchisee.

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STATE COVERPAGE

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 DISCLOSUR,E DOCUMENT.

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.

The Franchise Agreement requires you to resolve disputes with the franchisor in
accordance with the United States Arbitration Act, if applicable, and the rules of
the American Arbitration Association at its office nearest to home office of
franchisee.

The Franchise Agreement states that Wisconsin Law governs the agreement, and
this law may not provide the same protections and benefits as local law. You may want to compare these laws.

Effective Date: See the next page for state elfective dates

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

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

3. There may be other risks concerning this franchise.

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S'TA]'E EFFECI'IVE DATES

The follorving states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

Illinois
Indiana

Michigan
Minnesota
Wisconsin

April24,2025
April24,2025
Aprll24,2025
April24,2025
Apr1|24,2025

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ROCOCO FRANCHISE CORPORATION

l. The Franchisor, and any Parents, Predecessors and Affiliates
2. Business Experience
3. Litigation
4. Bankruptcy
5. Initial Fees
6. Other Fees
7. Estimated Initial Investment
8. Restrictions on Sources olProducts and Services
9. Franchisee's Obligations
10. Financing
1 1. Franchisor's Assistance, Advertising, Computer Systems, and Training
12. Territory
13. Trademarks

14. Patents, Copyrights and Proprietary Information
15. Obligation to Participate in the Actual Operation of the Franchise Business

16. Restrictions on What the Franchisee May Sell
17. Renewal, Termination, Transfer, and Dispute Resolution
18. Public Figures
1 9. Financial Performance Representations
20. Outlets and Franchisee Information
21. Financial Statements
22. Contracts

23. Receipts

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Exhibits:

FIN.
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Financial Statements
Franchise Agreement
Franchise Deposit Agreement
Collateral Assignment ol Lease
State Agency Information

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ITEM PAGE

THE FRANCHISOR. AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplifu the language in this Disclosure Document, "RFC" means Rococo Franchise Corporation, the franchisor. "You" means the person who buys the franchise. Ifyou are a corporation, partnership or other entity, "you" includes the owners of such entities.

The Franchisor. Its Predecessors and Its Affiliales. RFC is a Wisconsin corporation, incorporated on June 13, 1995, for the purpose ofestablishing a franchise system specializing in pizza and pasla and oflering and serving other food and beverage items. RFC is not a subsidiary ofany company and has no affiliates that offers franchises in any line ofbusiness, or provides products or services to franchisees of RFC. RFC does business under the name, "ROCKY ROCOCO PIZZA AND PASTA". RFC has offered franchises since 1995.

RFC's principal business address is 105 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066. RFC's agent for service of process in the State of Wisconsin is the Commissioner of Securities, 101 East Wilson Street, P. O. Box 1768, Madison, Wisconsin 53701-1768.

You can operate a ROCKY ROCOCO RESTAURANT under the name and mark "ROCKY ROCOCO" and other Proprietary Marks as designated by RIC. You must operate in accordance

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Item I

The Franchisor's Business. RFC offers and sells franchises for ROCKY ROCOCO PIZZA AND PASTA. Rocky Rococo Corporation, a Wisconsin corporation, is a predecessor and an affiliate ofRFC. Rocky Rococo Corporation ollered franchises ofa similar concept from 1982 to December, 1987. Rocky Rococo Corporation owns the rights to the trade name and mark "ROCKY ROCOCO" and other related marks (all referred to as "the Proprietary Marks"). Rocky Rococo Corporation has granted RFC the rights to use and sublicense the Proprietary Marks under Franchise Agreements in connection with an Intellectual Property License Agreement. RFC is not engaged in any other business.

The Rockv Rococo Franchise. Under the Franchise Agreement (the "Franchise Agreemenl"), which is Exhibit FA to this Disclosure Document, RFC ofiers qualified purchasers the right to operate, from a single location (the "Location") in a specified Territory (the "Territory") a restaurant (the "Restaurant") utilizing the Proprietary Marks specializingtn pizza and pasta and offering and serving other food and beverage items (the "Franchised Business"). RFC has developed distinguishing characteristics of which include marketing and advertising methods and techniques, operating procedures and materials, training and supervision, management assistance, administrative systems, business and reporting forms, staffing procedures, and product and equipment speci lications.

with the standards and procedures designated by RFC (the "System"), within a specified Territory.

The general market for the products or services you will olfer are persons ages 5 to 70. The market is developed and sales are not seasonal. It will be necessary for you to comply with local laws or regulations relating to the sale of food and beverage items. ROCKY ROCOCO RESTAURANTS must compete with other full-serwice, carry-out or delivery restaurants and outlets specializing in pizza and pasta, some of which are national or regional chains. ROCKY ROCOCO RESTAURANTS also will have to compete with restaurants and fast-food or quick-service outlets oflering other types offood products and with grocery stores selling pizza for home consumption.

Prior Business Exoerience ofRFC. Its Predecessors and its Affiliates. RFC has never operated a business of this type being offered. An alfiliate ofRFC, Pizza Rococo, Inc., owns and operates I ROCKY ROCOCO RESTAURAN'f. Pizza Rococo, Inc., opened its first restaurant May 20, 1992. Pizza Rococo, Inc. utilizes the Proprietary Marks in connection with an Intellectual Property License Agreement with Rocky Rococo Corporation. Pizza Rococo, Inc., does not offer franchising in this business or any other. Pizza Rococo, Inc., provides goods and services in the f,orm of uniforms and other miscellaneous items to franchisees of RFC. Pizza Rococo, Inc., does not derive a profit from the sale ofsuch uniforms and other miscellaneous items.

An affiliate of RFC, TRH Restaurants, Inc., ovnns and operates 1 ROCKY ROCOCO RESTAURANT. TRH Restaurants, Inc., was incorporated in 1991 and opened its first restaurant in 1994. TRH Restaurants, Inc. utilizes the Proprietary Marks in connection with an Intellectual Property License Agreement with Rocky Rococo Corporation. TRH Restaurants, Inc., does not offer franchising in this business or any other and does not provide goods and/or services to franchisees ofRFC.

An affiliate of RFC, Airport Pizza Roc, Inc., owns and operates 2 ROCKY ROCOCO RESTAURANTS. Airport Pizza Roc, Inc., was incorporated in 2003 and opened its first restaurant in 2003. Airport Pizza Roc, Inc. utilizes the Proprietary Marks in connection with an Intellectual Property License Agreement with Rocky Rococo Corporation.
Airporl Pizza Roc, Inc., does not offer franchising in this business or any other and does not provide goods and/or services to franchisees of RFC.

An affiliate of RFC, TRH Restaurants II, Inc., owns and operates 2 ROCKY ROCOCO RESTAURANTS. TRH Restaurants II, Inc., was incorporated in 2001 and opened its first restaurant in2007. TRH Restaurants II, Inc. utilizes the Proprietary Marks in connection with an Intellectual Propefiy License Agreement with Rocky Rococo Corporation. TRH Restaurants II, Inc., does not offer franchising in this business or any other and does not provide goods and/or services to franchisees ol RFC.

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An affiliate of RFC, TRH Restaurants III, lnc., owns and operates I ROCKY ROCOCO RESTAURANT. TRH Restaurants III, Inc., was incorporated in 2021 and, opened its first restaurant in 2021 . TRH Restaurants III, Inc. utilizes the Proprietary Marks in connection with an Intellectual Property License Agreement with Rocky Rococo corporation. TRH Restaurants III, Inc., does not ofler franchising in this business or any other and does not provide goods
and/or services to franchisees of RFC.

Item 2

BUSINESS EXPIIRIENCE

THOMAS R. HESTER. Co-Chief Executiv e Officer and Director

Mr. Hester has served as Co-Chief Executive Officer and Director of RFC since January, 2020. Mr. Hester served as President, Treasurer and Director oIRFC from June, 1995 to January, 2020 From May, 1990, to present, he has served as President, Treasurer and Director of RFC's affiliate, Pizza Rococo, Inc. Since May, 1991. he has been the President, Treasurer and Director ofTRH Restaurants, Inc. Since October, 1986, he has served as President and Director ofRocky Rococo Corporation. Since March,200l, he has served as President of TRH Restaurants II, Inc.

Mrs. Hester has served as Co-Chief Executive Officer since January,2020. Mrs. Hester held the position of Vice-President and Secretary ofRFC from June, 1995 to January,2020. She has served as Vice-President oiRocky Rococo Corporation from 1988 to August of 1994.

TIIOMAS R. HESTER III President and Director

Mr. Hester has served as President and Director since January, 2020.Mr. Hester served as Vice-President of RFC from January, 1999 to January, 2020, and Director of Marketing from 201 I until January,2020. From January, 1999, to the present, he has served as Vice-President of RFC's aifiliates, Pizza Rococo, Inc., TRH Restaurants, Inc., Airport Pizza Roc, Inc., Sunbelt Pizza Roc, Inc., TRH Restaurants II, Inc., and Rocky Rococo Corporation. From August, 1994, to December, 1998, he served as Controller of RFC's affiliates, Pizza Rococo, Inc.,TRH Restaurants, Inc. and Rocky Rococo Corporation.

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SHARON R. FIESTER" Co-Chief Executive Olllcer

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Mr. Rambo has served as the Training Director of RFC since May, 2006. Mr. Rambo has served as Operations Director since July, 2013. From December, 2003, to the present, he has served as Operations Consultant of RFC's affiliates, Airport Pizza Roc, Inc., Pizza Rococo, Inc., TRH Restaurants, Inc., and Rocky Rococo Corporation. From 1984 to the present, Mr. Rambo has worked every staffposition in the Rocky Rococo Restaurants.

KURTJ. KIMBALL Controller

Mr. Kimball has served as the Controller of RFC since April 17,2000. From April 17,2000, to present, he has served as Controller of RFC's affiliates, Airport Pizza Roc, Inc., Pizza Rococo, Inc., TRH Restaurants Inc., TRH Restaurants II, Inc., TRH Restauant III, Inc. and Rocky Rococo Corporation.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

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AMY R. BARTLEY. Secretarv and Director

Mrs. Bartley has served as Secretary, Director of Marketing of RFC, and Director since January, 2020. Mrs. Bartley has served as Director of Customer Experienoe and Digital Marketing of RFC's affiliates, Pizza Rococo, Inc., TRH Restaurants, Airport Ptzza Roc, Inc., TRH Restaurants, Inc. and Rocky Rococo Corporation from 2017 to present. Prior to 2017, Mrs. Bartley served as Marketing Project Manager and Social Media Manager of RFC's affiliates lrom 2000 until 2017.

EARL W. RAMBO. Ooerations and Training Director

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

The Initial Franchise Fee is $25,000.00, payable $12,500.00 upon the execution ofthe Franchise Deposit Agreement and the balance of $12,500.00 payable upon the execution of the Franchise Agreement. The Initial Franchise Fee for the second restaurant is $17,500.00, payable $10,000.00 upon the execution olthe Franchise Deposit Agreement and the balance of$7,500.00 payable upon the execution of the Franchise Agreement. The Franchise Agreement is signed by you at the time an acceptable site is lound and approved by RFC and you.

The Initial Franchise Fee payments are non-refundable. Each franchisee will pay an identical initial franchise fee.

RFC may adjust the Initial Franchise Fee in the future subject to prior approval by applicable governmental state agencies regulating lranchises or business opportunities.

The Franchise Deposit Agreement is utilized when you wish to purchase a franchise, but a site has not been found and approved by RFC and you. If you have executed the Franchise Deposit Agreement, you shall pay to RFC the sum of $12,500.00 upon the execution ofthe Franchise Deposit Agreement for the first Restaurant, and the sum of $10,000.00 upon the execution ofthe Franchise Deposit Agreement for the second Restaurant. The entire deposit shall be credited to the paymenl ofthe Initial Franchise Fee with the balance of the Initial Franchise Fee payable when you sign the Franchise Agreement. If no acceptable site is for.rnd and approved by RFC and you within 180 days from the date ofthe Franchise Deposit Agreement, then both RFC and you shall have the right, upon written notice to the other party, to terminate the Franchise Deposit Agreement and the deposit shall be refunded to you, except that if RFC terminates the Franchise Deposit Agreement because you made a material misrepresentation or omission in your application; are convicted by a trial court ofor plead no contest to a felony, or to any other crime or offense that is likely to affect adversely the goodwill associated with the Marks, or engage in any conduct which may adversely affect the reputation of a ROCKY ROCOCO RESTAURANT or the goodwill associated with the Marks; or make an unauthorized use or disclosure ofany confidential information, then RFC shall retain the entire deposit.

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Item 5

INITIAL FEES

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[preceding week

See note I

Marketing Fund N"t

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lfollo*ing the end of the
lprecedins week

to exceed 0.75% ol'
s sales

See note 2

Advertising/
Promotion/Local

Adve(ising

Not to exceed 3 112% of
gross sales

On or before the Friday
following the end of the
preceding week or within
90 days following the
end of the week

See note 3

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See note 4

Additional Training/On-
Site Assistance

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lCost of lodging, meals. lS hransport. lu

See note 5

Amounts Advanced by
RFC

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Interest lM
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aximum by law or
l l2Yo per month

lFrom date payment is
hue untit paid in full

See note 6

Indemnification
fMaximum

bv law t

rom date payment is
ue until paid in fu1l

See note 7

Audit lActual cost of audit plus llmmediately
linterest on overdue amount I

See note 8

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With the exception oflocal advertising, refurbishing, and insurance premiums, all the fees listed above are imposed by and payable to RFC. The fees are non-refundable and are unilormly imposed.

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Note 1. Royalty. You will pay to RI-C a weekly royalty and service fee in the amount of 5% of the RESTAURANT's gross sales, payable on or before the Friday following the end of the preceding week. Each week shall end at the close of business on Monday.

In the event the RESTAURANT does not achieve sales volume ofat least Four hundred twenty five thousand Dollars ($425,000.00) in a fiscal year, which consists ofthirteen (l3), four (4) week periods during a calendar year, or Four hundred thirty three thousand one hundred seventy three Dollars ($433,173.00) during a fifty-three (53) week fiscal year, which consists of twelve (i2), four (4) week periods and one (1), five (5) week period during a calendar year, the weekly Royalty and Service Fee for that RESTAURANT shall be retroactively reduced for that fiscal year to Three and one-half percent (3 112%). RFC shall refund the excess to you within thirty
(30) days of the end of the fiscal year. In order to receive a refund, you must be current on all Royalty and Service Fees due RFC, and any other accounts payable due RFC, or one of RFC's affiliates.

The term "gross sales" means the aggregate amount of all sales offood, beverages, goods. articles and any other merchandise or services made and rendered in conjunction with the RESTAURANT, including sales made at or away lrom the RESTAURANT, whether for cash or credit, but excluding all federal, state or municipal sales or service taxes paid by you.

Note 2. Marketing Fund. You shall pay weekly into a marketing fund, (the "Fund"), with RFC, an advertising fee designated by RFC, not to exceed .7 5oh of the RESTAURANT'S gross sales.

Note 3. Advertising/Promotion/Local Advertising. You shall contribute not more lhan 3 1l2o/o ofyour gross sales to a local advertising fund (the "Local Ad Fund") comprised ofROCKY ROCOCO RESTAURANTS located in the same market area for the purpose of promoting ROCKY ROCOCO RESTAURANTS in the market area based upon the following formula:

a. RESTAURANTS with no electronic media shall contribute 1 1/2% of weekly
gross sales;

b. RESTAURANTS with radio media shall contribute 2 1/2% of weekly gross
sales; and

c. RESTAURANTS with television media shall contribute 3 1/2ok of weekly
gross sales.

RFC may increase the maximum amount you are required to contribute to the Local Ad Fund, provided, that such increase is approved by the owners ofnot less than 60% ofthe RESTAURANTS which are participating in the Local Ad Fund.

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The Local Ad Fund contribution is payable together with, and for the same period, as the royalty
and service fee.

As of the date of this Disclosure Document, RFC has not commenced collection of the Local Ad Fund.

During any week in which you do not participate in a Local Ad Fund, an amount designatcd by RFC shall be expended by you for local adverlising and promotion ofthe RESTAURANT, based upon the following formula:

a. RESTAURANTS with no electronic media shall expend 1 112%o of weekly
gross sales;

b. RESTAURANTS with radio media shall expend 2 | l2%o of weekly gross sales;
ancl

c. RESTAURANTS with television media shall expend 3 1/27o of weekly gross
sales

You shall make such advertising expenditures within 90 days of the close of a weekly period. RFC may increase the maximum amount you are required to expend for local advertising and promotion, provided, that such increase is approved by the owners ofnot less than 60% of the RESTAURANTS which are participating in the Local Ad Fund.

Note 4. Transfer Fee and Renewal Fee. Ifyou assign your franchise, you shall pay RFC a non-refundable fee equal to 50% of the then current initial franchise fee charged by RFC, upon approving the assignment, to cover RFC's expenses, inoluding costs for credit checks and attomeys'fees as well as training expenses for members ofthe new Franchisee (assignee), with such training being the same training as that offered at that time to new Franchisees, or, ifnew franchises are not being offered, such training as RFC believes the new Franchisee (assignee), should have in order to carry on the business in the same quality of manner as required by the Franchise Agreement.

Note 5. Additional Training/On-Site Assistance. RFC may require you or any person or persons employed by you in a managerial or other responsible capacity to attend additional periodic mandatory training programs subsequent to the opening of the RESTAURANT. The cost of transportation, meals and lodging, as a direct result thereof, will be borne by you. Ifyou desire RFC to train additional persons, you will be responsible fbr transportation, meals, lodging, and a reasonable charge for RFC's representative(s).

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Note 6. Interest. RFC reserves the right to assess interest at a rate up to the maximum rate allowed by law in any payments due RFC which are not timely paid by you from the date payment is due until paid in full. In the absence of a maximum interest rate permitted by law, the rate shall be I I l2Yo per month.
Note 7. Indemnification. Under the Franchise Agreement, you are obligated to indemnify and hold RFC harmless with respect to all losses and expenses ofany action, suit, proceeding. claim, demand, investigation or inquiry, or any settlement thereofarising as follows:

a. Your infringement, alleged inlringement, or any olher violation or alleged
violation of any patent, mark or copyright or any other proprietary right owned or
controlled by third parties;

b. Your violation, breach or asserted violation or breach ofany contract, federal,
state or local law, regulation, ruling, standard or directive or ofany industry standard;

c. Libel, slander or any other form of defamation, by you;

d. Your violation or breach ofany warranty, representation, agreement or
obligation in this Agreement;

e. Acts, errors or omissions olyou or any ofyour agents, servants, employees. contractors. paftners. affi Iiates or representativest

f. Your dealings with prospective, existing or former franchisees,

g. Latent or other defects in the RESTAURANT, whether or not discoverable by
RFC or you;

h. The inaccuracy, lack of authenticity or non-disclosure ofany infbrmation by
any customer of the RESTAURANT or visitor to or guest olthe RESTAURANT;

i. Any service provided by you at, from or related to the operation ofthe RESTAURANT;

j. Any action by any customer of the RESTAURANT or visitor or visitors to the
RESTAURANTI or

k. Any damage to the property ofyou or RFC, their agents or employees. or any
third person, firm, or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused in part through the active or

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passive negligence of RFC or any of its agents or employees, or resulted from any strict liability imposed on RFC or any of its agents or employees.

Note 8. Audit. RFC has the right to audit all ofyour books and records at any time, relating to the gross sales and business transacted by you. If the audit discloses that the actual amount of gross sales for any period exceeds the amount reported by you, then the total amount of the fees payable on account olthe deficiency is immediately due together with interest at the maximum rate then permitted by law with commercial transactions. In addition, if the amount of the deficiency exceeds 270 ofthe gross sales reported by you, you shall pay all costs and expenses incurred by RFC in connection with the audil and collection of the deficiency including, all accountants' and attorneys' fees as well as the amount ofthe deficiency. RFC has the right, at its option, to terminate the Franchise Agreement because of the submission offalse reports and lor underreporting. At RFC's discretion, you shall, upon receipt of written notice, maintain all books and records of the company on the premises.

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Item 7

I]STIMAI'ED INI'IIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF
EXPENDITURE AMOUNT

METHOD OF

PAYMENT IIEN I)IIE

TO WHOM
PAYMENT
IS TO BE
MADE
Initial Franchise Fee

(l)

$ 2s,000 If Franchise Deposit Agreement is signed, I
installment of $ 12,500
and 1 installment of
$ l 2,500

If Franchise Deposit
Agreement is not
signed, I installment
of $25,000

lf Franchise Deposit
Agreement is signed,
$ I 2,500 at signing of
Franchise Deposit
Agreement and
$ 12,500 at signing of
Franchise
Agreement

If Franchise Deposit
Agreement is not
signed, $25,000 at
signing of Franchise
Agreement

RFC

Equipment, Fixtures
(2)

$ 80,000-
$300.000

By agreement with
vendors

Belbre opening Vendors

Leaschold

Improven.rer.rts (3)

$ 80.000-
$325.000

Progress payments
with vendors

Before opening Contractors

Opening Inventory
(4)

$ 4.000-
$ 12,000

Lump sum Before opening Suppliers

Security Deposits (5) $0
$ 4,000

l-ump sum Before opcning Landlord,
utilities,
Insurance

Promotion (6) $ 5.000 As incurred Opening to 30 days Various
Media, PR
events

Pre-Opening Training
(7)

$ 1,000-
$ s,000

As incurred Before opening Employees

Misc. (legal, permits)
(8)

$ 1,000-
$ 4.s00

As incurred Before opening Attomeys,
local gov.,

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travel agent
Additional Funds (3
mos.) (9)

$ 10.000
$ 20,000

As incuned Before opening to first 3 months

Contingency
may be paid
to various
vendors

Insurance (10) $ s,000 As incurred Before opening Vendor
TOTAI- $21 1,000-
$705,500

NOTES:

1. See ltem 5 for additional information about the initial lianchise fee

2. Equipment and fixtures include, but are not limited to, computer systems, phones, ovens, dishes, and cooking utensils.

3. ROCKY ROCOCO RESTAURANTS may be located in enclosed malls with seating, enclosed mall food courts with common seating, strip-center malls, store front locations, and free-standing buildings. When you lease your premises, you may have to pay for leasehold improvements, including, but not limited to, plumbing, electrical, HVAC, walls, and counters to the premises. The cost of leasehold improvements varies depending upon the size ofthe premises. location, material cost, labor cost. amount ofthe leasehold improvements provided by landlord and other economic factors. The cost for free-standing buildings is substantially higher than those projected and is not available fiom RFC. An enclosed mall location will require approximately 900 square feet ofspace, a strip center mall will require approximately 2,800 square feet of space, and a free-standing building will require approximately 3,800 square feet of
space.

4. You will need an initial supply of ingredients and supplies in your opening inventory. The estimated cost should cover approximately 2-3 weeks of operation. All supplies and inventory must meet RFC's specifications. (See Item 8).

5. The estimate includes deposits, if required, to Landlord or utility companies which may be refundable to you at a later time. At the discretion ofthe Landlord, or utility company, a security deposit may not be required.

6. Promotion cost estimate may vary due to the type of mediayou choose to use. Costs vary by location as well. Public relations event costs will also vary by type of even! and location.

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7. The estimate includes payroll for time spent by your employees to train the franchise location. Estimate should cover 1 week oftraining new employees so that they are proficient enough at the production process to open for business. Your employees should not incur any expenses for meals, lodging, or travel to complete training.

9. This is an estimate only ofthe range of initial stafi-up expenses you may incur. 'Ihe actual amount ofadditional funds you will need depends on a variety of factors, including the size of your Territory, the time of year when you start your business, your own management skill, economic conditions, competition in your area, and other factors. The estimate is for a period of 3 months and is based upon the experience of affiliates of RFC.

10. This is an estimate only of the insurance you may require to maintain. It is a business owner's policy which coves liability, property damage, Ioss of income, and loss ofproperty. The insurance expense is an annual expense.

The estimate ofadditional funds is based on an owner-operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. The estimate is for a period of 3 months. RFC estimates that, in general a franchisee can expect to put additional cash into the business during at least the first 3 to 9 months, and sometimes longer, but RFC cannot estimate or promise when, or whether, you will achieve positive cash flow or profits.

Payments to RFC are non-refundable. Whether payments to others are refundable depends on arrangements you make with them. RFC, or an affiliate olRFC, does not oifer direct or indirect financing of the initial investment.

Rt,STRIC]IONS ON SOTJRCES OF'PRODIJCTS NND SI]RVICES

In order to maintain a uniform image to the public and to maximize quantity discounts, RFC shall have the right to designate a soft drink supplier and require you to use the designated brand. Neither RFC, or its affiliates, are approved suppliers of the designated brand of soft drink and no member of RFC owns an interest in the soft drink supplier. RFC will negotiate with a national brand to provide soft drinks to the restaurant with the goal to provide the greatest amount of service at a competitive price to you. RFC may change the soft drink supplier in the event the quality, service or pricing ofthe national brand is less favorable than with other national brands.

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8. The estimate includes attomey's fees and local govemment perrnits.

Item 8

Neither RFC, or its affiliates, will derive revenue or other material consideration as a result of your requirement to use the designated soft drink supplier. Neither RFC, or its affiliates, derive revenue or other material consideration lor any purchases made by you.
With the exception ofthe designated soft drink supplier, RFC imposes no obligations on you to purchase or lease from RFC, from RFC's affiliates or from RFC's designees, any goods, services, supplies. fixtures, equipment, inventory, computer hardware and software, real estate or comparable items relating to establishing or operating the franchised business. Neither RFC, nor an affiliate ofRFC, are an approved supplier, or the only approved supplier, ofan product/service. One hundred percent (100%) of the above items may be purchased from a supplier of your choosing. RFC attempts to negotiate purchase arrangements with suppliers, including price terms, for the benefit of all franchisees, bu1 derives no revenue or other material consideration as a result ofsuch negotiations.

The reputation and goodwill of ROCKY ROCOCO RESTAURANTS is based upon and can only be maintained by the sale ofdistinctive high-quality products and services. You shall do the following:

(a) use ingredients that confoml to RFC's recipes in the preparation offood products and beverages;

(b) prepare and oller for sale food products and beverages; and

(c) use plates, cups, utensils, uniforms, menus, forms, packaging, materials, labels and
other supplies

You agree to maintain, at all times, an inventory offood products, beverages, ingredients and other products sulficient in quantity and variety to realize the RESTAURANT'S full potential. RFC may conduct market research and testing to determine consumer trends and the salability of new food products and services. You agree to cooperate by participating in RFC's market research programs, test marketing new food products and services in the RESTAURANT. and providing RFC with timely reports and other relevant information regarding such market research. You shall purchase a reasonable quantity ofand make a reasonable offer to sell test marketed products.

RFC desires to maintain high standards in quality and service at all ROCKY ROCOCO RES'IAURANTS. To this end, you agree to cooperate with RFC in maintaining such high standards in the RESTAURANT to comply with all mandatory specifications, standards and operating procedures relating to the appearance or operation of a ROCKY ROCOCO RESTAURANT, including:

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that conform to RFC's specifications and quality standards.

(a) type, quality, taste, weight and dimensions, ingredients, uniformity, manner of preparation in sale offood products and beverages sold by the RESTAURANT and all other products used in the packaging and sale thereof;

(b) hours and days in which RESTAURANT will be open for business;

(c) manner ofand limitations on delivery of lood products and beverages outside the premises;

(d) safety, maintenance, cleanliness, sanitation, function and appearance ofthe premises and its fixtures, equipment, fumiture, decor and signs;

(e) qualifications, dress, general appearance and demeanor ofyour employees;

(f) use of the Marks;

(g) use and retention of standard forms;

(h) identification of you, as the owner of the RESTAURANT; and

(i) advertising and promotion.

RFC has established, and may establish, standards and specifications for equipment, fixtures, fumishings, signs, supplies, exterior and interior construction, indoor and outdoor signs, displays, promotional materials, hours oloperation, and other items bearing RFC's tradenames, names, slogans, and logo, as referenced in the Operations Manual which is supplied to all franchisees and which may be changed by RFC.

There are no purchasing or distribution cooperatives in existence.

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

Obligation Section in Agreement Disclosure
Document Item

a. Site selection & acquisition ilease Franchise Agreement (FA) Sect
II I.

ItemsTand l1

b. Pre-opening purchases/leases FA Sect. III. Items 7 and 8
c. Site development other pre-opening
requirements

FA Sec1. III./V. Items 7 and 8

d. Initiat and ongoing training FA Sect. V. Items 6, 7 and 1 1
e. Opening FA Sect. tll./V. Item ll
f. Fees FA Sect. I./VI./XII. Items 5, 6 and 7
g. Compliance with standards and
policies/Operations Manual

IrA Sect. VII./lX./X. Items 8 and ll

h. Trademarks and proprietary info. FA Sect. IV Items 13 and 14
i. Restrictions on products/services FA Sect. X ltems 8, 1l and 16
j. Wananty and customer service
requirements

Item 1l

k. Territorial development and sales
quota
l. Ongoing produc/service purchases IrA Sect. X. Item 8
m. Maintenance, appearance, and
remodeling requirements
n. Insurance ltern 6
o. Advertising FA Sect. VL Items 6, 7, and 11
p. Indemnification Item 6
q. Owners participation/
managemenVstaffing

Items 1l and 15

r. Records and reports
s. lnspections and audits Item 6
t. 'I'ransfer
u. Renewal Items 6 and 17

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Item 9

FRANCHISEE'S OBLIGATIONS

[re

sect. x.

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sect. t.
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sect. x.
ftem

a

lFn secr. x.

IFA SeCt. XIII,

[nA

sect. v./x.

IFR Sect. IX. fltem 6

[Fa Sect. IX./X.
IFA Sect. xvlll. [tem 6
IFR Sect. ll.

v. Post-termination obligations lna Sect. XVI Item l7
Non-com etition covenants A Sect. XIV./XVI Item l T Dis ute resolution A Sect. XXIX
y. Other (covenants, hours of
operation, taxes, permits, and
indebtedness)

A Sect. XIV./XVll.XIX

Item l0

FINANCING

RFC does not offer direct or indirect financing. RFC does not guarantee your note, lease or obligation.

FRANC HISOR'S ASSIS'I'ANCE ADVI]RTISING. COMPUTI]R SYS IEMS. AND

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

You shall lease, purchase, or otherwise acquire access to the premises lor your ROCKY ROCOCO RESTAURANT within 180 days after you execute the Franchise Deposit Agreement. RFC generally does not own the premises and lease it to you. Ifyou are unable to acquire a site and premises acceptable to RFC within 180 days, or during any extended period agreed to by RFC and you, RFC may terminate your Franchise Deposit Agreement. ROCKY ROCOCO RESTAURANTS are generally located in enclosed malls with seating, enclosed mall food courts

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Item I I

TRAINING

I . RFC's Pre-Opening Obligations to You. You shall be solely responsible for the selection of the site location for the Franchised Business, however, RFC must approve your site. Factors to be considered in selecting a site include the obtaining ofa demographic report which includes traffic patterns, parking, character ofneighborhood, competition lrom other restaurants within the area, the proximity to other businesses and ROCKY ROCOCO RESTAURANTS, the nature olother businesses in proximity to the site and premises and other commercial characteristics, and the size, appearance and physical characteristics of the site and premises. RFC shall approve, or disapprove, ofyour site within 30 days after RFC receives the complete site and premises report and other materials that RFC may request. (Franchise Deposit Agreement - Paragraph 2)

with common seating, strip center malls, store fronts, free-standing buildings, and campus locations and range in size from 900 to 3,800 square feet. (Franchise Deposit Agreement - Paragraph 2)

You shall have either acquired the site, or have a lease for the site approved, before the execution ofthe Franchise Agreement. You agree to deliver a copy ofthe signed lease to RFC within 15 days after its execution. RFC may request for you to collaterally assign to RFC your lease as security for your obligations under the Franchise Agreement. You agree to make the assignment and procure the landlord's permission fbr the lease assignment. RFC does not own the premises and lease it to you.

RFC will supply you with prototype plans and specifications which will reflect all requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. RFC will provide you with the names of approved suppliers for fixtures, equipment, furniture, and signs. RFC does not deliver or install any ofthe above items. You shall insure your premises complies with all required building, utility, sign, health, sanitation, business and other permits and licenses required for the operation ofthe Franchised Business. (Franchise Agreement - Paragraph III.D.)

2. Tvpical Length of Time. The typical length of time between signing the Franchise Deposit Agreement, along with payment ofthe Franchise Deposit, and the opening ofyour business varies according to the circumstances involved. It normally takes from 2 to 6 months to locate a site after the Franchise Deposit Agreement has been executed. Once a site has been Iocated and the entire franchise fee paid, it normally takes between 2 and 9 months, subject to delaying circumstances normally associated with construction endeavors to open your RESTAURANT. However, an additional amount of time is often required by you for finding an acceptable site for a proposed location, negotiating leases, securing financing, securing building permits, shortages, delayed installation ofequipment, fixtures and signs, and all other events which normally occur before the Franchise Agreement is signed.

3. RFC's Oblieations to You d rinp Oneration ol the Franchise After opening of the Franchised Business, RFC shall advise you ofoperating problems of the Franchised Business disclosed by reports submitted to or inspections made by RFC. Operating assistance may include advice and guidance with respect to: (1) developing products or services you will offer to your customers; (2) methods, standards and operating procedures utilized by ROCKY ROCOCO RESTAURANTS; (3) products and services authorized for sale by ROCKY ROCOCO RESTAURANTS; (4) selecting, purchasing and preparing products, materials and supplies;
(5) advertising and promotional programs; (6) administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for ROCKY ROCOCO RESTAURANTS; (7) consuttation with the training of employees; (8) consultation with regards to establishing prices; (9) helping you resolve operating problems you may encounter; and

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(l0) helping you improve and develop the Franchised Business.
Such guidance shall be fumished in the form oIRFC's Operations Manual, bulletins, or other written materials, telephonic consultations and/or consultations at RFC's offices or at your Location in connection with an inspection ofthe Franchised Business. (Franchise Agreement Paragraph V.D.)

4. Advertising Programs for Franchise System. You shall pay a marketing fund fee, designated by RFC, in the amount of .75% ofthe gross sales ofthe Franchised Business, payable weekly into a marketing fund (the "Fund"). The Fund shall be used for the creation and development of such advertising, marketing, media placement and public relations programs, research, websites and relative activities that RFC deems necessary and./or appropriate to advertise or promote ROCKY ROCOCO RESTAURANTS. RFC may use print, radio, TV or other media. It is the intent ofRFC to use a regional adve(ising agency; however, RFC reserves the right to create an in-house advertising department. RFC is not required to spend any amount on advertising in the area where your franchise is located; however, RFC will attempt to apportion advertising on an equitable basis. The advertising fees are payable together with and for the same period, as the royalty and service fee due under the Franchise Agreement. (Franchise Agreement - Paragraph vI.A.)

The Fund may be used to pay various costs and expenses, including preparing and producing video, audio and written advertising materials; development and management of a web site; inlerest on borrowed funds; sponsorship of sporting, charitable or similar events; reasonable salaries and expenses of employees ofRFC, or RFC's affiliates, working for or on behalfofthe Fund; or on advertising, marketing, public relation materials, programs or activities or promotions for the benefit of the Fund; and administrative costs and overhead ofRFC, or RFC's affiliates, incurred in activities originally intended for the administration and activities ofthe Fund. The Fund shall furnish you with reasonable quantities of marketing, advertising and promotional formats and materials at the same cost, terms and conditions that such materials are furnished to other franchised ROCKY ROCOCO RESTAURANTS. RFC witl develop and maintain a website serving both RFC and you. You shall not create a website separate from the website created by RFC.

RFC may spend in any fiscal year, an amount greater or less than the aggregate contribution ol all ROCKY ROCOCO RESTAURANTS to the Fund in that year. The Fund may borron'from RFC, or other lenders, to cover deficits ofthe Fund or cause the F'und to invest in a surplus in future use by the Fund. It is anticipated and it is the intent ofRFC that all contributions to the Fund shall be expended for advertising and promotional purposes during RFC's hscal year within which year contributions are made. Funds not expended in the fiscal year contributed may be applied and used for Fund expenses in the following year, or at the discretion ofRFC, returned to RFC's iranchisees, RFC, and RFC's affiliates, in proportion to the respective contributions to the Fund in the previous twelve (I 2) month period.

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RFC assumes no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration olthe Fund. You agree and acknowledge that the Fund is intended to maximize the general public recognition and acceptance ofthe Marks for the benefit ofthe system in that RFC, or RFC's designee, make no representation and undertake no obligation in administering the Fund to make the expenditures for you. which are equivalent or proportionate to your contribution, or to insure that any particular franchisee benefits directly or prorata from the Fund.

The Fund shall be accounted for separately from RFC's other funds, but shall not be required to be segregated, and shall not be used to defray any of RFC's general operating expenses, except for such reasonable salaries, administrative costs and overhead as RFC may incur in activities related to administration of the Fund and its marketing programs, including, without limitation, conducting market research, developing and maintaining websites, preparing advertising and marketing materials and collecting and accounting for other contributions to the Fund. The Fund is not audited. An unaudited statement of monies collected and costs incurred by the Fund shall be prepared annually by RFC and shall be furnished to you upon written request. RFC will not use any portion ofthe Fund for solicitation offranchisees. During the last fiscal year of the Fund (ending on December 31,2024), the Fund spent 66.83% of its income on marketing and advertising, 3.630/o for administration expenses, and 29.53%o for public relations. (Franchise Agreement - Paragraph VI.A.)

Currently, RFC does not have an advertising council, but reserves the right to create such a council in the future. In the event an advertising council is created, members will be selected from existing franchisees and will serve in an advisory capacity only. RFC has the right to change or dissolve the advertising council as it deems necessary.

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Currently, RFC does not have a local advertising lund (the "Local Ad Fund"), an advertising cooperative comprised of ROCKY ROCOCO RESTAURANTS located in the same market area. ln market areas in which there are two (2) or more Rocky Rococo Restaurants, RFC shall have the right to establish, maintain and administer the Local Ad Fund for the benefit of ROCKY ROCOCO RESTAURANTS located in the same market area. The Fund is not administered pursuant to a written plan. RFC shall determine which ROCKY ROCOCO RESTAURANTS shall comprise the same market area and the Local Ad Fund may be changed, dissolved, or merged, upon direction of RFC. If established, the Local Ad Fund shall be used for advertising. media placement, marketing and public relations programs and related activities as RFC may deem necessary or appropriate to promote ROCKY ROCOCO RESTAURANTS in the market
area.

You shall contribute not more than 3 ll2Yo of yotr gross sales to the Local Ad Fund for the purpose of promoting RocKY Rococo RESTAURANTS in the market area based upon the following formula:

a. RES'fAURANTS with no electronic media shall contribute | | l2Yo of weekly
gross sales;

b. RESTAURANTS with radio media shall contribute 2 1/2% of weekly gross
sales; and

c. RESTAURANTS with television media shall contribute 3 1/2%o of weekly
gross sales.

RFC may increase the maximum amount you are required to contribute to the Local Ad Fund, provided, that such increase is approved by the owners ofnot less than 60% ofthe RESTAURANTS which are participating in the Local Ad Fund.

The Local Ad Fund contribution is payable together with, and for the same period, as the royalty
and service fee.

The Local Ad Fund may be used to pay various costs ofpreparing, adopting and producing video, audio and written advertising materials, interest on borrowed funds, sponsorship of sporting, charitable or other similar events, reasonable salaries and expenses ofemployees of RFC, or RFC's affiliates, working for or on behalf ofthe Local Ad Fund or on advertising, marketing, public relations materials, programs, or activities or promotions for the benefit of the Local Ad Fund and administrative costs and overhead ofRFC, or RFC's affiliates, incurred in activities reasonably related to administering or activities of the Local Ad Fund. You shall agree to participate in all adve(ising, promotional events, and public relations programs instituted by the Local Ad Fund.

RFC assumes no direct or indirect Iiability or obligation to you with respect the maintenance, direction or administration ofthe Local Ad Fund. You agree and acknowledge that the Local Ad Fund is intended to maximize the general public recognition and acceptance ofthe Marks for the benefit ofthe system in that RFC, and RFC's designee, make no representation and undeftake no obligation in administering the Local Ad Fund to make the expenditures for you, which are equivalent or proportionate to your contribution, or to insure that any particular lranchisee benefits directly or prorata from the Local Ad Fund.

The Local Ad Fund shall be accounted for separately from RFC's other funds, but shall not be required to be segregated, and shall not be used to defray any of RFC's general operating expenses, except for such reasonable salaries, administrative costs and overhead as RFC may incur in activities related to administration of the Local Ad Fund and its marketing programs,

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including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for other contributions to the Local Ad Fund. An unaudited statement of monies collected and costs incurred by the Local Ad Fund shall be prepared annually by RFC and shall be furnished to you upon written request. RFC will not use any portion ofthe l.ocal Ad Fund for solicitation offranchisees. (Franchise Agreement - Paragraph VI.B.)
RFC is currently not collecting the Local Ad Fund contribution, but retains the right to institute the Local Ad Fund upon 30 days' written notice to you.

RFC is not obligated to conduct adve(ising for the franchise system and does not provide any advertising.

During any week in which you do not participate in a Local Ad Fund, an amount designated by RFC, not to exceed 3 | /2oh of your gross sales, shall be expended by you for local advertising and promotion of the RESTAURANT, based upon the following formula:

a. RESTAURANTS with no electronic media shall expend 1 I l2oh of weekly
gross sales;

b. RES'IAURANTS with radio media shall expend 2112%o of weekly gross sales;
and

You shalI make such advertising expenditures within 90 days ofthe close ofa weekly period. RFC may increase the maximum amount you are required to expend for local advertising and promotion, provided, that such increase is approved by the owners ofnot less than 60% ofthe RESTAURANTS which are not participating in the Local Ad Fund.

Such expenditures shall be made within 90 days of the close of a weekly period. The following items shall not count towards local advertising: l) money spent on classified telephone directory listings and advertisements, advertising and promotional expenses required under the lease for the Franchised Business and discounts and redemption ofcoupons; and 2) the cost ofgoods or services supplied without charge. Ifrequired by RFC, you shall submit, within l5 days after the end ofeach calendar quarter, verificalion ofthe amounts spent on local advertising for the previous calendar quarter. (Franchise Agreement - Paragraph VI.C.)

You shall list and advertise the Franchised Business in the principal regular (White Pages) and classified (Yellow Pages) telephone directories distributed within your primary trading area.

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c. RESTAURANTS with television media shall expend 3 l/2% of weekly gross
sales.

You agree to conduct a grand opening advertising and promotion program for the Franchised Business during the period commencing 30 days before and ending 30 days after the opening of the Franchised Business and to expend not less than $5,000.00 for that purpose. (Franchise Agreement - Paragraph VI.C.)

5. Electronic CashRe isters or Comouter Svstems. You agree to use in the development and operation of your RESTAURANT programs and computer hardware which RFC may specify or require for point-ol-sale system, bookkeeping, inventory, training, marketing, employee selection, operations and financial information collection and retrieval systems for use with the operation of a ROCKY ROCOCO RESTAURANT, which costs is approximately Ten Thousand Dollars ($10,000.00). During the term ofthe Franchise Agreement, technological advances may require you to up-date computer hardware and/or software and to obtain service and support for your computer system during the term of the Franchise Agreement. In addition, there will be ongoing support for your computer system during the term of the Franchise Agreement. There is no obligation ofRFC, or any affiliate ofRFC, to provide ongoing maintenance, repairs, up-grades or up-dates to your computer system. As technology changes, RFC cannot estimate the anticipated costs or the frequency and costs ofup-grades and/or up-dates, and maintenance to the computer system. The cost to you to obtain the computer system, including any licensed program! may not be fully amorlizable over the remaining term of the Franchise Agreement. RFC does not have access to your computer information.

You agree to incur costs with obtaining the programs and the computer hardware comprising the computer system. provided that the computer system that RFC specifies for use by you is the same computer system which RFC is then curently specifying for use by new franchisee, or affiliate-owned stores. Within 120 days after you receive notice from RFC, you shall obtain the components ofthe computer system which RFC designated and requires.

You shall install and use the computer system at the Franchised Business and transmit information to RFC through use of the computer system. You, at your expense, shall establish and maintain at the Franchised Business, a) a dedicated line RFC may use to access the computer system, b) full and complete corporate records and repor-ts, and c) data bases in the form specified by RFC pertaining to the operation of the Franchised Business, supervisory reports relating to the Franchised Business and accounting, record keeping, and records retention system conforming to the requirement prescribed by RFC (including, requirements for a general ledger system which includes the standard chafi ofaccounts required by RFC and for timely entry ol information into data bases of the computer system and periodic print-outs ofrepo(s generated from the computer system), information relating to employee turn-over and other reports and information as RFC may require. Each transaction ofthe Franchised Business shall be prooessed on the computer system in the manner required by RFC. RFC shall have the right to retrieve information from and data processed on the computer system with respect to the Franchised Business, and you shall take such action as may be necessary to provide access to RFC. All

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inlormation retrieved from you and lrom other franchisees shall be the exclusive property of RFC. (Franchise Agreement - Paragraph IX.D.)
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(l3 pages)

(l4 pages)

(14 pages)

(24 pages)

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Page 16

"Right to Know"
Chemical Hazard Communication Training Log Storage/Organization
Using Chemicals
Pest Control
Chemical Detection
Emergency Care Procedures
Protective Equipment
Chemical Material Safety Data Sheets

Cash Drawer Audit
Driver Log
Time Cards
Deposit Tickets
Weekly Sales Report
Weekly Purchase Joumal
Waste Sheet

Cheese Yield Report
Safe Count

Open Coupons/Refunds/Exempt Sales

Section 2 Weekly Paperwork:

Two Week Payroll Reporl
Yield Loss Report
Weekly Operating Report

Section 3 Otlier Papqlyelk:

Period End Inventory Form
Inventory Transfer Form
QSC Evaluation

(Under development)

Section I - Hourlv Emolovees:

Application for Employment
Telephone Reference Check

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(36 pages)

(34 pagcs)

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CHAPTER 3 - ADMINISTRATION

Section I -Daily Paperwork:

CHAPTER 4 - PURCHASING

CHAPTER 5 - HUMAN RESOURCES

(10 pages)

Employment Eligibility Verifi cation -Form (l-9)
W-4 Form

New Employee Data Sheet
Employee Change Worksheet
Employee File Folder
Employee Review Calendar
Correcting Perlormance Defi ciencies Corrective Action Notice

Seclion I Ovcrview

The Manager's Role
Training Steps

Section 2 Job Aids:

General Guidelines

5 -7
8-10
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2-7

(7 pages)

(5 pages)

5

7. Trainins Program. Training by RFC, at the cost and expense ofRFC, includes training you. and your designated employees or representatives, at RFC's training store located in Maylair Mall, Wauwatosa, Wisconsin, for a period of I 0 weeks composed of 5 business days per week at 8 to l0 hours per day, prior to the opening ofyour restaurant. Training classes are scheduled on an "as needed" basis. Training will be conducted by a staff member ofRFC with at least I year olin-the-field experience. RFC will provide you with a copy ofthe Operations Manual, worksheets, and all necessary forms to operate your Restaurant. In addition to this period of lbrmal training, RFC will make available to you additional on the job training, at one of RFC's alfiliates operating restaurants, for a period ofup to 20 weeks, during the construction ofyour restaurant, and prior to the opening of the restaurant, in order that you are fully trained, and your restaurant can be fully operational, upon its opening. Length of on the job training will be determined by RFC and your individual needs. On the job training is not required, however, it is recommended. On the job training will be provided at no additional cost other than your expenses such as travel, lodging and meals. The speed with which you and your employees or representatives complete formal and on thejob training will be determined by prior experience and general aptitude. RFC also provides you with opening assistance for a period of 5 business days beginning 3 days before the scheduled opening day of the RESTAURANT, or at the discretion of RFC. This assistance includes the providing by RFC of 1 member of RFC's operational staffto assist you for the first 2 business days ofoperation. RFC provides such staff

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CHAPTEI{ 6. TRAINING

at RFC's own expense. except that all costs that may be incurred by RFC lor the wages, lodging and meals ofsuch personnel after expiration ofthe 5-day opening training period is borne by you at your sole expense, if RFC's personnel are available for such extended training. The initial training program is mandatory. (Franchise Agreement Paragraph V.A.)

RFC, in addition to providing layout fbr the interior of a typical ROCKY ROCOCO RESTAURANT, on-site operational instruction, customer service procedures, and management techniques in operating a ROCKY ROCOCO RESl'AURANT, also provides training covering general management duties and responsibilities. You can also request additional meetings and instruction as part ol your on the job training at no expense. RFC may require additional training, at RFC's discretion, as RFC determines necessary in the best interest ofthe system.

The lailure ofyou or your employee, representative, or designees to complete such training to the satisfaction of RFC is grounds lor termination olthe Agreement at the option of RF'C. (Franchise Agreement Paragraph V.A.)

You or your employees will be responsible for the expenses oftraining programs, including costs and expenses of transportation, lodging, meals and wages and employee benefits. RFC reserves the right to impose reasonable charges for advance training course materials. RFC will notifr you olany additional charges before you or your employees enroll in a course.

All classes are scheduled by advance written notices to all franchisees. Scheduled classes may be cancelled; RFC's class cancellation policies will be included in the written notice ofclass
schedules.

TITAINING PITOGRAM

Subiect

Hours of
Classroom

Training

Hours of On

. Iob Training Location
VCM (Doueh Making) 0 l2 Wauwatosa, Wisconsin
Pizza Preparation 0 24 Wauwatosa, Wisconsin
Quality Control/Oven 0 Wauwatosa, Wisconsin
Bussing/DMO 0 4 Wauwatosa. Wisconsin
Customer Service 0 36 Wauwatosa. Wisconsin
Delivery 0 12 Wauwatosa, Wisconsin
Administration 0 36 Wauwatosa, Wisconsin

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TERRITORY

The franchise is for a specific location which shall be approved by RFC. During the term ofthe franchise, RFC will not, so long as the Franchise Agreement is in force and effect, and you are not in default under any ofthe terms of the Franchise Agreement, franchise or operate any other ROCKY ROCOCO RESTAURANT within a radius of I mile olthe Franchised Business, except that a ROCKY ROCOCO RESTAURANT located within a major regional shopping mall shall not be granted a I mile radius protection, nor shall a ROCKY ROCOCO RESTAURANT located in a major regional shopping mall which is within a Franchisee's I mile radius protection be a violation ofsuch protection, and if in the sole and exclusive judgment ofRFC, the Franchised Business is located within a central business district, the I mile radius protection shall not apply. A major regional shopping mall is defined as a regional shopping mall consisting of a minimum of 500,000 square feet of space, including a minimum of 2 departmenl stores as anchor tenants. The continuation ol your territory is not dependent upon you achieving a certain sales volume, market penetration, or any other contingency and your territory may not be altered, except with the written consent of both you and RFC. RFC retains the right:

(a) to operate and grant to others the right to operate ROCKY ROCOCO
RESTAURANTS in such locations, that do not infringe upon your territory, and on such terms and conditions as RFC deems appropriate; and

(b) to sell the products and services authorized for ROCKY ROCOCO RESTAURANTS under the Marks, or under other trademarks and service marks through similar or
dissimilar channels of distribution and on such terms and conditions as RFC deems appropriate.

There are no restrictions on other franchisees from soliciting customers inside your territory, or on you from soliciting customers outside ofyour territory. Neither RFC, nor an affiliate, has reserved the right to make sales within your territory or to make sales within your territory of

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RFC also may ofl'er additional or refresher training courses. Some ofthese courses may be mandatory, and some may be optional. These courses may be conducted at RFC's heaJquarters or at any other locations selected by RFC. You must attend (or cause your Manager or other employees to attend) and satisfactorily complete all mandatory training programs including basic and advanced training, refresher courses, meetings and seminars, as RFC may require. Ifyou or any ofyour employees are unable to complete a required program satisfactorily, you may designate a substitute trainee acceptable to RFC.

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products or services under trademarks different from the ones you will use under the Franchise Agreement. You may not operate the Franchised Business at any other site without RF'C,s prior written consent. RFC may approve the relocation olthe Franchised Business providing the new location meets the existing standards for locations and does not infringe upon the territory olany other ROCKY ROCOCO RESTAURANT, using the same trademarks. You do nor have an option, right offirst refusal, or similar right to acquire additional franchises within your territory or contiguous territories. RFC does not operate, franchise, or have present plans to operate or franchise a business under a different trademark selling goods or services similar to those offered by you.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that RFC owns, or from other channels ofdistribution or competitive brands that
RFC controls.

Under the Franchise Agreement, You are granted the right to operate under the trade name
.. ROCKY ROCOCO''.

The trademark, "ROCKY ROCOCO", has been registered with the United States Patent and Trademark Office on January 12, 1982, Registration #l,186,029, in the Principal Register by ROCKY ROCOCO CORPORATION. ROCKY ROCOCO CORPORATION has filed all required Affidavits with the United States Patent and Trademark Office. The trademark, "ROCKY ROCOCO', has been registered in the country of Canada on May 29,1987, Registration #TMA328045. The ROCKY ROCOCO image and design was registered with the United States Patent and Trademark Offrce on January 28,2003, by ROCKY ROCOCO CORPORATION, Registration #2681017. ROCKY ROCOCO CORPORATION, has filed all required Affidavits with the United States Patent and Trademark Office. ROCKY ROCOCO CORPORATION, under a Licensing Agreement dated June 26,1995, as amended, has licensed to RFC rights to use, and grant the right to use said servicemark to others who qualifu as franchisees the Mark, "ROCKY ROCOCO", and any and all trademarks and servicemarks which ROCKY ROCOCO CORPORATION may subsequently acquire or use in business carried on and conducted by it. The Licensing Agreement is perpetual. The Agreement may be cancelled or modified only with the written agreement of ROCKY ROCOCO CORPORATION, and RFC.

With respect to any similar trademarks or servioe marks that are not registered by others, others may be able to use such trademarks and/or service marks in territories in which RFC or RIrC's Franchisees and representatives are not operating or advertising, or which are not within the

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TRADEMARKS

The words "ROCKY ROCOCO PAN-STYLE PIZZA", has been registered by ROCKy ROCOCO CORPORATION in the State of Wisconsin in 1974.

The above listed trademark registrations have been renewed as required

Other than the above, there are no agreements currently in effect that significantly limit the rights of RFC to use or license the use of trademarks listed in this Disclosure Document in a manner material to the franchise other than licensed to RFC's future company-owned stores.

You shall promptly noti$, RFC ofany use by any person or legal entity other than RFC, or another ROCKY ROCOCO franchisee, of any marks licensed or any colorable variation, or any other mark in u,hich RFC has or clain,s a proprietary interest. You shall also promptly notif RFC ofany litigation instituted by any person or legal entity against you involving the Marks.

RFC will protect you against any claims of infringement or unfair competition brought against you and arising out of the use of RFC's trade names, or logos, and to delend you in any legal action arising therefrom provided you have promptly notified RFC in writing ofthe facts ofsuch claim or challenge, and provided you have used such trade names or logos in strict accordance with the provisions ofthe Franchise Agreement and the provisions of all rules, regulations, directives. and procedures provided by RFC.

RFC alone has the right to control or settle any such legal actions or proceedings. RFC, may prosecute or defend any other actions or proceeding necessary or desirable for the protection of RFC's trade names, logos, or future service marks and you agree not to contest RFC's right, title, or interest in such names, marks and logos. If it becomes advisable at any time in the discretion of RFC to modiff or discontinue use ofany mark and/or use one or more additional or substitute trademarks or servicemarks, you agree to comply with RFC's directions to modift or otherwise discontinue the use ofsuch mark and/or use one or more additional or substitute trademarks or servicemarks within a reasonable time after notice by RFC. RFC's sole obligation shall be to reimburse you for your reasonable outof-pocket costs ofchanging signage. RFC shall not be

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natural zone of expansion lor future ROCKY Rococo RESTAURANTS, provided such others do so in good laith and without actual knowledge of the RocKy RoCOC0RESTAURANTS. lfothers do establish in such territories, RFC may be restricted in its ability to expand into such
territories.

There is presently no effective material determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, and the Trademark Administrator olthis State or any Court; or any pending infringement, opposition or cancellation; proceedings; or any pending material litigation involving the principal trademarks. There is no pending material Federal or State Court litigation regarding RFC's use or ownership rights in any trademark.

obligated to reimburse you for any loss of goodwill associated with any modified or discontinued mark or for any expenditures made by you to promote a modified or substitute trademark or servicemark.

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I'A'I'IJNTS. COPYRI GHTS AND PROPRIETARY INFORMATION

RFC does not own any rights in or to any patents which are material to the franchise. RFC presently has proprietary rights in numerous items such as advertising designs and the like relating to the operation of its ROCKY ROCOCO RESTAURANTS, which are suitable for copyright protection. RFC reserves any and all rights which it has in and to such items.

Under the Franchise Agreement, RFC will loan to you one copy of the Operations Manual, which may consist of one or more manuals and other written materials. RFC has not llled an application for registration of its copyright in the Operations Manual, but claims a copyright and treats the information in the Operations Manual as confidential trade secrets. You must promptly tell RFC when you leam about unauthorized use of this proprietary information.

There are no intiinging uses actually known to RFC that could materially affect you.

It is RFC's belief and recommendation, but not requirement, that you (if a sole proprietorship) or designated partner (if Franchisee is a partnership) or designated member (if Franchisee is a limited liability company) or a designated officer (if Franchisee is a corporation), should devote lull time and attsndance as well as your best efforts to the performance ofthe supervisory duties.

The Franchised Business shall at all times be under the direct, on premises supervision ofa manager, or assistant manager, who need not have an equity interest in the business, who shall devote full time, energy and best ef'forls to the management operation of the business lioensed hereunder and to maintain any and all applicable state, local or other registrations or licenses.

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There are no infringing uses actually known to RFC that could materially affect your use ofthe trade names, logo types, or other commercial symbols in this state or in other states in which the Franchised Business is to be located or is localed.

Item l 5

OBLIGATIONS TO PARTICIPATE IN TI.IE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The person who shall be responsible for the day to day supervision must attend, and successfully complete training to the satisfaction ofRFC. The person who shall be responsible lor the day to day supervision shall not engage directly or indirectly in any business or other activity requiring substantial management responsibility or time commitments which otherwise may conflict with your obligations.

RESTRICTIONS ON WHATTIJE FRANCHISEE MAY SELL

You must offer products and services that RFC designates as required lor all franchisees. These required products and services include the sale ofpizza, pasta, and other food and beverage items. RFC may require you to remove products which RFC believes to be inconsistent with the System image. You must operate the Franchised Business in strict conformity with all required methods, procedures, policies, standards and specifications ofthe System in the Operations Manual and in writing by RFC.

The standards, specifications and operating procedures include:

(a) type, quality, taste, weight and dimensions, ingredients, uniformity, manner of
preparation in sale offood products and beverages sold by the Franchised Business and
all other products used in the packaging and sale thereof;

(b) hours and days in which the Franchised Business will be open for business;

(c) manner of and limitations on delivery offood products and beverages outside the premises;

(d) safety, maintenance, cleanliness, sanitation, function and appearance ofthe premises and its fixtures, equipment. furniture, decor and signs;

(e) qualifications, dress, general appearance and demeanor ofyour employees;

(f) use of the Marks;

(g) use and retention of standard forms;

(h) identification ofyou, as the owner ofthe Franchised Business; and

(i) advertising and promotion.

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You must use the location only for the operation ofthe Franchised Business and may not operate any other business at or from the location without the prior written consent ofRFC.

RFC reserves the right to change or to designate additional or required or optional services. There are no limits on RFC's rights to do so provided these additional services are compatible with a restaurant specializing in pizza and pasta and offering and serving other food and beverage items.

See Items 9, I l, and l2 for more information about your obligations and restrictions.

Item 1 7

I{I]NF]WAI,. TERI\4TN ATION TRANSF'ER. AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision

Section in
Franchise or
other
Agreement

Summary

a. Length of the franchise
term

II. A

FDA,2

15 years

180 days
b. Renewal or extension
of the term

II. B.

FDA.2.

Ifyou are in good standing, you can renew for an additional period of l5 years

As agreed by RFC and you
c. Requirements for
franchisee to renew or
extend

II. B.

FDA.2

Give notice, execute then current Franchise Agreement which may contain materially different terms and conditions than the original contract, execute General Release, remodel restaurant, attend and complete re-training program. There are no renewal fees.

None

d. 'l'ermination by None

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franchisee

FDA.2. You may terminate if you are unable to acquire a site within 180 days of signing Franchise Deposit
Agreement
e. Termination by
franchisor without cause

None

FDA.2. RFC may terminate if you are unable to acquire a site within 180 days ofsigning Franchise Deposit
Agreement
f. Termination by
franchisor with cause

XV

FDA.6.

RFC can terminate only ifyou are in default

g. "Cause" defined -
curable delaults

You have 60 days to cure: lail to submit reports or financial data, bankruptcy, real or personal property attached or levied upon, commit an act which materially impairs goodwill, fail to comply with agreements, fail to decorate and equip premises, defaults on Lease, sell, lease or sublease Lease, if Lease or Sublease is terminated, fail to maintain insurance, fail to operate restaurant, breach any obligation under any agreements, fail to maintain trade accounts, fail to pay federal or state income taxes, and any other default not listed in Section XV. of the Franchise Agreement. You have 1 0 days to cure non-payment of fees. h. "Cause" defined - non-
curable defaults

xv.

FDA.6.

Non-curable defaults: Adjudged bankrupt, assignment for benefit of creditors, abandonment, criminal misconduct, failure to comply, material m isrepresentation. loses right to possession. makes unauthorized assignment of Franchise Agreement, unauthorized disclosure of confidential information, failure to comply with mandatory standards, intentionally understates gross sales, and repeatedly fails to comply with lawful provisions of Franchise Agreement

You fail to acquire a site within 180 days, made a Iaterial m isrepresentation or omission in application, convicted by a trial coufi, or pleads

[o.o,rtest to a felony. or make any unauthorized

use or disclosure ofanl cunfidential information.

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i. Franchisee's obligations
on terminatior/non-
renewal

XVI.

FDA.8

Obligations include payment of amounts due, complete deidentification, and covenant not to compete

Covenant not to compete
j. Assignment of contract
by franchisor

XVIII. A.

I--DA

No restriction on RIC's right to assign

No restriction on RFC's right to assign k. "Transfer" by
franchisee defined

XVIII. B

I]DA.l2

Includes transfer of contract or assets or ownership change

l. Franchisor's approval of
transfer by franchisee

XVIII. B.

IIDA

RFC has the right to approve all transfers but will not unreasonably withhold approval

No provisions in Agreement
m. Conditions for

franchisor's approval of
transfer

XVIII. C

IIDA

New lranchisee qualifies, your accounts made current, transfer fee paid, training arranged, release signed by you, covenant not to compete signed by you, remodel, and current Agreement signed by new franchisee

No provision allowing transfer
n. Franchisor's right ol
first refusal to acquire
franchisee's business

XVIII. G

FDA

RFC can match any offer for the franchise
business

None

o. Franchisor's option to
purchase franchisee's
business

None

p. Death or disability of
franchisee

XVIII. E

FDA

Franchise must be assigned by estate to approved buyer or heir within 6 months

None

q. Non-competition
covenants during the term
ofthe franchise

XIV. A.

FDA.5.

No involvement in competing business anywhere

The Franchise Agreements provision(s) are
subject to State Law
r. Non-competition
covenants after the
franchise is terminated or

xvl. t) No competing business for I year within 5 miles of the designated area or within a radius of 5
miles olthe location ofany other business using

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exprres

FDA.5

the System

No competing business for 1 year within 50-mile radius of the designated area or within a radius of 50 miles olthe location ofany other business using the System

The Franchise Agreements provision(s) are subject to State Law
s. Modification of the
agreement

XXV
FDA

No modifications, but Confidential Operations Manual subject to change
t. Integration/merger
clause

xxv.

FDA

Only the terms of the Franchise Agreement, Exhibits, and all agreements signed with it are enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.

The Franchise Agreements provision(s) are subject to State Law
u. Dispute resolution by
arbitration or mediation

xxx

FDA

Except for ceftain claims, all disputes must be arbitrated by the American Arbitration
Association at its office nearest RFC.

None
v. Choice of forum None No restriction on choice ol forum

The Franchise Agreements provision(s) are subject to State Law
w. Choice of law XXVII.

FDA

Wisconsin law applies

None

The Franchise Agreements provision(s) are
subject to State Law

EITHER PARTY MAY REQUEST BINDING ARBITRATION OF ANY DISPUTE ARISiNG BETWEEN THE PARTIES. THE LEGALITY OF THE WISCONSIN FRANCHISE INVESTMENT LAW AND THE WISCONSIN FAIR DEALERSHIP ACT (AS AMENDED

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BY AB 218, CHAP. r7l, WTSCONSIN LAWS OF 1977) ARE NOT SUBJECT TO
ARBITRATION.

ltem I 8

PUBLIC FIGURES

RFC does not use any public figures to promote its franchise

FINANCIAL PERFORMANCE RE,PRESENTA'TIONS

1) a franchisor provides the actual records ofan existing outlet you are
considering buying; or

2) a franchisor supplements the informalion provided in this Item 19, for
example, by providing information about possible performance at a particular location or
under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representation either orally or in writing. lfyou are purchasing an existing outlet, however, we may provide you with the actual records ofthat outlet. Ifyou receive any other financial performance information or projections ofyour future income, you should report it to the franchisor's management by contacting Thomas R. Hester III, 105 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, (262) 569-5580, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ltem 19

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial perlbrmance of its franchised and/or franchisor-owned outlets, ilthere is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that dillers from that included in ltem l9 may be given only it

Item 20

OUTLETS AND FRANCI]ISEE INFORMATION

Systemwide 0utlet Summary
For year 2024

Note: Company-owned outlets are not owned by RFC, but are owned by affiliates of RFC.

Note: Predecessor-franchised outlets were franchised by Rocky Rococo Corporation, a predecessor and afhliate of RFC.

'l'ransfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2022,2023 and 2024

Statc Year Number of Transfers
Wisconsin 2022
Wisconsin 2023 I
Wisconsin 2024 I

Outlet'fypc Year Outlets at the
Start of the Year

Outlets at the
End of the Year

Net Change

2022 l9 18 I 2023 I8 21 J 2024 2t 24 J
(lompanr-O* ncd 2022 8 8

2023 S 7 l
2024 7 7
I'redecr:sso r-
Franch ised

2022 7 6 I
2023 6) -J
2024 3 0 -)
'l'otal Outlets 2022 34 32 -.,
2023 32 3l I
3l 31

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I

I

Franchised

2024

Total -)

Status of Franchised Outlets

For years 2022,2023 and 2024

Stxtc Year Outlets
at Starl
of Year

Outlets
Opened/
Predecessor
Affiliated
Transferred

'I cl.DrinalioDs Non-
Renrwals

Reacquired
by
Franchisor/or
Affiliates

Ceased

Operations
- Other
Reasons

Outlets
at llnd
of thc
Year

Wisconsin 2022 l8 0 I 0 0 0 t1
2023 t7 4 0 0 0 20
2024 t0 0 0 0 23
Minnesota 20?.2 I 0 (.) (-) 0 0 I
2023 I 0 0 0 0 0 I
2024 I 0 0 0 0 (.) I
Total 2022 l9 0 I 0 0 0 l8
2023 l8 4 0 0 0 I 2l
2024 2l 0 0 0 0

Status of Company-Owncd Outlets For years 2022,2023 and 2024

State Year Outlets

Opened

Outlets

Reacquired
from
Franchisee

Wisconsin 2022 8 t) 0 0
2023 8 0 0 0 1 7
2024 1 0 0 7
Total 2022 8 0 0 0 8
2023 0 0 0 I 1
2024 7 0 0 0 0 7

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0

Outlets
at Start
of Year

I outlets I outlets Outlets at
I cto."d I sota to I e no ot

| | Franchisee I th" Y"u. tll 018
0 0
0 I
8

Projccted Openings as of December 30,2024

State Franchise Agreements
Signed, But Outlet
Not Opened

Projected New
Franchised Outlet
in the Next Fiscal
Year

Projected Nerv
Company-
Ow'ned/Affiliate-
Owned Outlet in
the Next Fiscal
Year
Wisconsin 0 2 0
Minnesota 0 I 0
Total 0 0

The following is a list ofthe names, addresses, and telephone numbers ofall current lranchisees to which franchises have been granted:

RMDT, LLC
226408 Rib Mountain Drive
Wausau, Wisconsin 54401
Tia Engebrecht
(7 t5) 212-7649

JJAM. LLC
135 Division Street N.
Stevens Point. Wisconsin 54481
Melissa Slack
(71s) 342-8885

TRH Whitewater, Inc.
l2l0 West Main Street
Whitewater, Wisconsin 53 1 90
David Apgar
(262) 4'73-2105

R&P Restaurants II. LLC
7600 West Capilol Drive
Milwaukee, Wisconsin 53222

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I

Heyden Penkert
(414) 46s-04s2

Brymat, LLC
2295 Westowne Avenue
Oshkosh, Wisconsin 54904
Luke Geoffrion
(920) 23s-2626

Mad Rock LLC
2010 West Silvemail Road
Pewaukee. Wisconsin 53072
Darin Hogy and Morten Sunde
(262) s l3-8100

C & R Investments of Wood County 1841 Eighth Street South
Wisconsin Rapids, Wisconsin 54494 Craig and Rachelle Hanson
(715) 712-1200

R&P Restaurants, LLC
8300 West Brown Deer Road
Milwaukee, Wisconsin 5 3223
Heyden Penkert
(414) 3ss-5222

HP Restaurants, LLC
I 5455 West Howard Avenue
New Berlin. Wisconsin 53151
Heyden Penkert
(262) 786-7000

MODA Inc.
6631 Washington Avenue
Racine, Wisconsin 53406
Darin Hogy and Morten Sunde
(262) 886-1e84

SDJJ Agostino, LLC
7540 Brooklyn Boulevard

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I'age,{3

Brooklyn Park, Minnesota 55443 Stacey Agostino
(763) s60-5451
Derkster Enterprises, LLC
4800 GolfRoad #226
Eau Claire, Wisconsin 54701
Regi Derks
(71s) 210-7742

NI'IZZA.LLC
3740 South Taylor Drive
Sheboygan, Wisconsin 5308 I
John Degnitz
(920) 783-6639

K&L Restaurants, LLC
774 West Johnson Street
Fond du Lac, Wisconsin 54904
Luke Geollrion
(920) 922-6100

Reggie Rococo Enterprises, LLC W3178 Van Roy Road
Appleton, Wisconsin 54914
Regi Dirks
(920) 832-3992

TMart Operations I, LLC
N1551 Sunset Drive
Lodi, Wisconsin 5355 5
Jeremy Alsaker
(608) 292-4s0s

Midwest Pizza. LLC
2828 Prairie Lakes Drive. #108
Sun Prairie, Wisconsin 53590
Pam 7.eller and Jim Voeck
(608) 82s-25ss

Three Rivers Rockys, LLC
1239 Crossing Meadows Drive

4905 Hwy V
DeForest, Wisconsin 53 532

I 6l 8 West Beltline Highway
Madison, Wisconsin 53 713
(608) 2s l -0304

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Onalaska. Wisconsin 54650
Stacey Agostino and Jasin Ellenz
(608) 784-0300
Three Rivers Rockys, LLC
40 Copeland Avenue, Suite I l2
LaCrosse. Wisconsin 54603
Stacey Agostino and Jasin Ellenz
(608) 784-3374

Krockcoco, LLC
4301 West Wisconsin Avenue. #624 Appleton, Wisconsin 54913
Kris Dewing
(e20) 830-996e

True Legacy Hospitality LLC
4556 Monona Drive
Madison. Wisconsin 5371 6
Jose Zavala and Yudit Zavala
(608) 221-3818

Castle Roc LLC
7952 Tree Lane
Madison. Wisconsin 53 717
Victoria Schloss and Talina Schloss
(608) 829-1444

The following is a list of the names, last known home addresses, and telephone numbers of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the application date:

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

Franchisees have not signed confidentiality clauses during the last 3 fiscal years.
There are no trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored or endorsed.

There are no independent franchisee organizations which have asked to be included in this Disclosure Document.

FINANCIAL STATEMI]N'I'S

Audited financial statements of Rococo Franchise Corporation, as of December 2 6,2022, December 25,2023 and December 30.2024, audited by Vrakas, S.C., are attached to this Disclosure Document as Exhibit "FIN".

Attached are copies ofthe follou'ing agreements relating to the olfer ofthe franchise:

Exhibit FA Franchise Agreement
Exhibit FDA Franchise Deposit Agreement
Exhibit CAL Collateral Assignment of Lease

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Item 21

Item 22

CONTRACTS

F I 1.* AN C IAL STATEMENTS

ROCOCO FRANCHISE CORPORATION

EXHIBIT FIN

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FINANCIAL STATEMENTS
DECEMBER 30, 2024, DECEMBER 25, 2023
AND OECEMBER 26,2022
wlTH INDEPENOENT AUOITORS' REPORT

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ROCOCO FRANCHISE CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rococo Franchise Corporation

Opinion

We have audited the accompanying llnancial statements of Rococo Franchise Corporation (the Company), which comprise the balance sheets as of December 30, 2024, Decembet 25,2023, and Oecember 26, 2022, and the related statements of operations and retained earnings and cash flows for the years then ended and the related notes to the financial statements.

ln our opinion, the financial statements referred to above present fairly, in all material respects, the tinancial position of the Company as of December 30,2024, December 25,2023, and December 26,2022 and lhe results of its operataons and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (Gp\,qS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our olher ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial slatements in accordance with GAAP, and for the design, implementation, and maintenance of intemal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or enor.

ln preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the llnancial statements are available to be issued.

AuditoIs' Responsibilities for the Audits of the Financial Statements

Our objectives are lo obtain reasonable assurance about whether the financial statements as a whole are free from material misstalement, whether due to fraud or enor, and to issue an auditors'report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always delect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the ovenide of intemal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a
reasonable user based on the financial statements.

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ln performing an audit in accordance with GAAS, we

exercise professionaljudgment and maintain professional skepticism throughout the audit.

identify and assess the risks of material misstatement of the financial statements, whether due to
fraud or enor, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

obtain an understanding of internal control relevant to the audit in order to design audit procedures
that are appropriate ln the circumstances, but not for the purpose of expressing an opinion on the effectiveness ofthe Company's internal control. Accordingly, no such opinion is expressed.

evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the
financial statements.

. conclude whether, in ourjudgment, there are conditions or events, considered in the aggregate, lhat raise substantial doubt about the Company's ability to continue as a going concern for a reasonable
period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain intemal control-related matters that we identified during the audits.

Va^s c
Brookneld, Wisconsin
March 6, 2025

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Rococo Franchise Corporation
Balance Sheets
December 30, 2024, Decembe(25, 2023 and Oecembet 26, 2022

2024 2023 2022 ASSETS
CURRENT ASSETS
Cash and cash equivalents
Franchisee receivables
Other receivables
Prepaid expenses
Refundable income taxes
Other assets

TOTAL CURRENT ASSETS

PROPERTY AND EQUIPMENT
Fumiture, flxtures and equipment
Less - accumulated depreciataon

NET PROPERTY AND EQUIPMENT

$ 669,550
56,629
32,199

$ 520,944
66,295
21,965
10,445

$ 464.742
46,549

10,140
6,809
3,327

44.561

55,543
41,097

758,378 619,649

$ 5,s94
29,985
120.256
79,828
386
15,766

531,567

52,593

,, r*

$ 630,889

CURRENT LIABILITIES
Accounts payable
Accrued payroll and related taxes
Cooperative advertising fund surplus
Gift cards payable
Accrued expenses
lncome taxes payable

TOTAL CURRENT LIABILITIES

DEFERRED INCOIlIE TAX LIABILITY

STOCKHOLDER'S EQUITY
Common stock $.02 par value per share, 9,000 shares authorized, 2,000 issued; 1,000 shares outstanding Additional paid-in capital
Retained earnings
Less '1 ,000 shares of treasury stock, at cost

TOTAL STOCKHOLDER'S EQUITY

TOTAL LIABILITIES AND STOCKHOLOER'S EQUITY

8,032

$ 766,410

LIABILITIES AND STOCKHOLDER'S EQUITY

$ 63,015
49,760
94,480
108,282

$ 9,s40

140,738
61,838

446.700 376,074

$ 630,889

14,446

$ 546,013

235,159

310,854

$ 546,013

317,710

2,000

251,815

3,000

40
49,960
507,177
\110,477)

40
49,960
436,551
(110.4771

$ 766,4'10

TOTAL ASSETS

40
49,960
371,331
(110.477)

The accompanying notes are an integral part of these stalements.

5

Rococo Franchise Corporation Statements of Operations and Retained Earnings For the Years Ended December 30, 2024, December 25, 2023 and December 26,2022

2024 2023

1,153,853

1,063,048

65,220

371,331

$ 436,551

$ 742.606
12,500
145,224

2022
REVENUES

Royalty revenues
Transfer fees
Advertising fees

TOTAL REVENUES

RETAINED EARNINGS
Beginning of year

End of year

$ 1,063,524
50,000
269,344

$ 862,654
62,500
228,699

1,382 868

1 ,284,610

900.330

879,085

INCOME FROM OPERATIONS

INCOME TAX EXPENSE

NET INCOME

98,258

27,632

90,805

25,585

21.245

6,000

70.626

436.551

15.245

356,086

$ 507.177 $ 371,331

The accompanying notes are an integral part of these statements

4

SELLING, GENERAL AND
ADMINISTRATIVE EXPENSES

Rococo Franchise Corporation
Statements of Cash Flows
For the Years Ended December 30, 2024, Oecembet 25, 2023 and Oecembet 26, 2022

$ 70,626

3,208
(1,000)

9,666
(10,234)
10.445

57.421
19,775
(13,593)
(25.776)
28,454
(386)

148 606

148,606

520.944

$ 669 550

2023

$ 65,220

3,206
3,000

(19,746)
(21,965)
(305)
3,327
(3,946)
7,273

(20.482)
17,990

56 202

56,202

464,742

$ 520,944

2022

$ 15,245

1,592
1,300

(13,145)

(200)
'1,648
(16,s83)
(68,646)
(4,331)
63,747
(5,307)
(1)

(24,681)

(16,038)

(16,038)

l4o,719)

505,461

I464.742

$ 9,031

2024
CASH FLOWS FROM OPERATING ACTIVITIES Net income
Add (deduct)
Depreciation
Deferred income taxes
Change in cash and cash equivalents
due to changes in
Franchisee receivables
Other receivables
Prepaid expenses
Other assets
Accounts payable
Accrued payroll and related taxes
Refundable income taxes/income taxes payable Cogperative advertising fund surplus
Gift cards payable
Accrued expenses

NET CASH FLOW - OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES Purchases of furniture, fixtures and equipment

NET CASH FLOW . INVESTING ACTIVITIES

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EOUIVALENTS
Beginning of year

End ofyear

ADDITIONAL INFORMATION

lncome taxes paid $ 42,166

The accompanying notes are an integral part of these statements

5

$

Rococo Franchise Corporation
Notes To Financial Statements
December 30, 2024, Oecembet 25, 2023 and Decembet 26, 2022

't. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business - Rococo Franchise Corporation (the Company or RFC) is a regional franchisor of quick service pizza and pasta restaurants. The restaurants are operated under the trade name Rocky Rococo Pizza and Pasia and are currently located in Wisconsin and Minnesota. The Company was founded on June 13, 1995. As of the date these financial statements were available to be issued, there are 31 restaurants operating under the trade name "Rocky Rococo Pizza and Pasta" (see Note 3 for additional location information). These restaurants are operated in accordance with a system established by the Company. ln addition, the Company assists with location selection for new restaurants, designs and supervises the construction of new restaurants and coordinates advertising campaigns for the franchisees. Restaurant revenues consist of both dine-in and carryout services. Future revenues are dependent on the health of the Wisconsin and Minnesota food service industry, which is generally tied to consumer demographics and spending habits.

Fiscal year - The Company's fiscal year end covers the 52-53 week period ending on the last Monday in December.

Accounting estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent events - The financial statements include management's evaluation of the events and transactions occurring subsequent to December 30, 2024 through March 6, 2025, which is the date the financial statements were available to be issued.

Cash and cash equivalents - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash and cash equivalents in Federal Deposit lnsurance Corporation (FDIC) insured banks. The FDIC provides limited insurance on cash and cash equivalents deposits. At times, the Company's cash and cash equivalents may exceed the FDIC insurance limit; however, the Company does not expect to experience any losses on its cash and cash equivalents deposits.

Receivables - Financial instruments, including franchisee and other receivables, are measured at the net amount expected to be collected through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on a broad range of reasonable and supportable information, including economic outlooks.

The Company extends unsecured credit to its franchisees in the ordinary course of business but mitigates the associated credit risk by performing credit checks and actively pursuing past due accounts. Receivables from franchisees for royalty and advertising fees are due by the end ofthe following week to which the activity relates. The Company does not charge finance charges on receivables past due. The Company determines its allowance for doubtful accounts by considering a number of factors, including the current aging of receivables, the Company's previous loss history and consideration of economic outlooks. Franchisee receivables are written off when determined uncollectible and are recognized as a reduction to the allowance for doubtful accounts. There were no provisions charged io the allowance and no write-offs during the fiscal years ended December 30,2024, December 25, 2023, and December 26 , 2022. Management has determined no allowance for doubtful accounts was needed as of December 30, 2024, D ecembet 25, 2023, and D ecember 26, 2022.

Other receivables - The Company sells gift cards online and at restaurants. Funds collected from gift card sales and funds reimbursed upon the utilization of gift cards are processed through a third-party processor.

Property and equipment - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from flve to seven years.

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Rococo Franchise Corporation
Notes To Financial Statements
December 30, 2024, Oecembe(25,2023 and Decembet 26,2022

Long-lived assets - The Company annually considers whether indicators of impairment of long-lived assets held for use are present. lf such indicators are present, the Company determines whether the sum of the estimated undiscounted future cash flow attributable to such assets is less than their carrying amounts, and if so, the Company would recognize an impairment loss based on the excess of the carrying amounts over their fair value. Management determined that no indicators of impairment were present as of December 30, 2024, December 25, 2Q23 ot Decembet 26 , 2022 .

Gift cards payable - Gift cards payable are an accumulation of gifl card sales by both franchisee and affiliate owned restaurant locations, less amounts utilized by the purchasers of the gift cards. Affiliate owned restaurants are owned

by a member of the Company's management (see Note 3). For the flscal years ended December 30, 2024, December 25, 2023 and December 26, 2022, the Company collected gift card purchases from franchisees and affilaates of $88,609, $61,587 and $50,324 and reimbursed gift cards utilized at franchise and affiliate locations of $60,155, $43,597 and $55,631 .

Revenue recognition - The Company generates revenues from franchising through individual franchise agreements. ln consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Rocky Rococo trade name, system and training, and restaurant operation assistance.

Payment for the franchise agreement consists of a fixed fee of $25,000 for a new franchisee and $17,500 for existing franchisees opening a new location. The fixed fee for a franchise transferred to a new franchisee is $12,500. The fixed fee, as determined by the signed franchise or transfer agreement, is due at execution of the agreement and refundable if the agreement is cancelled within ten days of execution. When ten days have passed, the fixed fee is nonrefundable. The Company accounts for all pre-opening activities as a single performance obligation and recognizes all franchise and transfer fees when a location is opened or transferred.

Royalty fees, which are based upon a percentage of up to 5% of gross revenue collected by the franchisees, are recognized as revenue by the Company when such revenues are earned by those franchisees. lf franchisees do not reach a gross sales threshold during the fiscal year as defined in each franchise agreement, the Company retroactively reduces the percentage to 3.5% and credits the difference to the franchisees' balance owed in the future. Royalty revenues are primarily related to the use of the license agreement and are recognized as income in the same period in which the sales occur.

Sales-based advertising fees, which are based on .75% of gross revenue collected by the franchisees, are recognized as income in the same period in which such revenues are earned by those franchises. Any advertising fees collected that are greater than advertising expenses are recorded as a cooperative advertising fund surplus at the end of the fiscal year.

Advertising expenses - Advertising expenses are expensed when incurred. Advertising expenses are comprised of costs incurred by the Company to benefit franchise operations. The Company may also incur additional advertising expenses should the Company spend more than is collected from the franchisees in the future.

Advertising expense for lhe fiscal years ended December 30, 2024, Oecembet 2S,2023 and December 26, 2022 was $270,344, $229,359 and $152,565, and is included as a component of selling, general, and administrative expenses in the accompanying statements of operations and retained earnings.

Related party entities - The Company has elected lo adopt Accounting Standards Update (ASU) No. 2018-17, Consolidation - Targeted lmprovements to Related Pady Guidance for Variable lnterest Entities (y/E), which provides an accounting alternative under which a company may elect not to apply VIE guidance to legal entities under common control if both the company and the legal entity being evaluated for consolidation are not public business entities. The Company has determined it satisfies the requirements provided by this accounting alternative and therefore, has not considered whether any related party entities that are under common control meet the requirements for consolidation under the VIE guidance.

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Rococo Franchise Corporation
Notes To Financial Statements
December 30, 2024, Decembet 25, 2023 and Decembet ?6,2022

2. COOPER,ATIVE ADVERTISING FUND

The Company and franchisees have entered into a marketing fund agreement. The franchisees pay weekly fees, equal to .75% of gross sales, to the Company for the creation and development of franchise-wide advertising, marketing, media placement, media and public relations programs, research, and related activities that the franchisor deems necessary and appropriate to advertise or promote the franchise. Advertising fees collected but not spent during the fiscal year are considered a contract liability on the Company's balance sheets and will either be reimbursed to franchisees or retained by the Company for future advertising expenditures, based on the discretion of the Company. Activity in the cooperative advertising fund for the flscal years ended December 30, 2024, December 25, 2023, and December 26, 2022 was as follows:

2024 2023 2022

Beginning Balance
Contributions
Spending

Open at beginning of year
Opened during the year
Transferred during the year.
Closed during the year

Open at end of year

$ 120,256
243,s68
(269,344)

$ 140,738
208,217
(228,699)

$ 76,991
208,971
(145,2241

Ending Balance $ 94,480 $ 120,256 $ 140,738

3. LOCATION INFORMATION

Location information for the fiscal years ended December 30,2024, December 25, 2023, and December 26,2022 is as follows:

2024 2023 2022

21 18

3

(1)

19

(1)

4

24 18

2022

There was one additional location which was transferred between franchisees during 2023

2024 2023

Open at beginning of year
Opened during the year
Closed during the year
Transferred to franchisee (1)

Open at end of year

8

:

7 7

8

Franchised locations

21

Locations owned by affiliates of the Company

:

,

Rococo Franchise Gorporation
Notes To Financial Statements
December 30, 2024, Oecember 25,2023 and Decembet 26,2022

Predecessor-franchised locations 2024 2023 2022

Open at beginning of year
Opened during the year
Closed during the year
Transferred to franchisee (3) (3)

Open at end of year

Total locations 2024 2023 2022

34

(1) (2)

Open at end of year JI 31

The restaurant locations owned by affiliates of the Company and by the predecessor franchisor are located in the
state of Wisconsin.

4. INCOME TAXES

Deferred income taxes result from temporary differences between reporting of amounts for financial statement purposes and income tax purposes. These differences relate primarily to different methods utilized for depreciation for federal income tax purposes.

Following is a summary of the income tax provision for the fiscal years ended December 30,2024, December 25, 2023, and Decembet 26, 2022.

2024 2023 2022

3 6

3 6

5t

Open at beginning of year 32
Opened during the year
Closed during the year

Current income tax provision
Deferred income tax provision (credit)

Deferred income tax assets
Deferred income tax liabilities

$22,585
3,000

$4,700
1 ,300

$27 ,632 $25,585 $6,000

Following is a summary of the deferred income tax assets and liabilities as of December 30,2024, December 25, 2023 and Decembet 26 . 2022 .

2024 2023 2022

$ s $
(3,000)

Net deferred income tax assets (liabilities) $(2,000) $(3,ooo)

The Company analyzed the requirements for accounting for uncertain tax positions and determined that it was not required to record a liability related to uncertain tax positions as of December 3Q,2024, December 25,2023, and December 26,2022. Wth few exceptions, the Company is no longer subject to federal income tax examinations by tax authorities for years before 2021 and state income tax examinations for years before 2020.

$

I

7

(1)

31

$28,632
(1 ,000)

(2,000)

Rococo Franchise Corporation
Notes To Financial Statements
December 30, 2024, Oecembet 25,2023 and Decembet 26,2022

5. RELATED PARTY TRANSACTIONS

The Company enters into transactions with various related entities, which are related through common ownership, for common expenses incurred and supplies used by the companies. Additionally, at times during the year, loans are made between the companies. Net payables to related parties, which were included in accounts payable at December 30, 2024 and December 25,2023, were $41,363 and $3,345. Net receivables from related parties, which were included an other assets at December 26, 2022,werc$3,327.

The Company made payments to related party companies for management and consulting services to run the day{o-day operations in the amounts of $167,977, $137,905 and $99,874 for the fiscal years ended December 30,2024, December 25, 2023 and December 26,2022. The Company conducts its operations in a facility leased by a related party for which no rent is charged to the Company.

Predecessor-franchised locations were franchised by Rocky Rococo Corporation, a predecessor and affiliate of RFC. See Note 3 for locations which are owned by affiliates of the Company.

The Company receives payments from affiliate locations owned by related parties of RFC for advertising and marketing expenses. These restauranls pay a percentage of gross weekly sales into RFC'S advertising and marketing fund. The amount paid to RFC from these restaurant locations during the fiscal years ended December 30, 2024, December 25,2023 and December 26,2022 werc $59,194, $58,516 and $60,238. At the discretion of the Company, unused advertising and marketing funds may be reimbursed back to franchisees as well as these affiliates or used toward future marketang expenditures. The amounts due back to the af{iliate locations which are included in the cooperative advertising fund surplus were $24,901, $36,754 and $48,860 as of December 30, 2024, December 25, 2023 and oecenbet 26,2022.

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Rococo Franchise Corporation
Oconomowoc, W

Vrakas S.C. consents to the use in the Franchise Disclosure Document issued by Rococo Franchise Corporation (the "Franchisor") on March 6, 2025 of our report dated March 6 , 2025, relating to our audit of the financial statements of the Franchisor for the fiscal year ended December 30, 2024.

Brookfield, W
March 6, 2025

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FRANCHISE AGREEMENT

ROCOCO FRANCHISE CORPORATION

EXHIBIT FA

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ROCOCO FRANCHISE CORPORATION
Franchise Agreement

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B. Franchise Fee
C. Cancellation

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D. Development of Restaurant
E. Fixtures, Equipment, Fumiture and Signs
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C. Notification of Infringements and Claims
D. Non-Exclusive Use ol Marks
E. Indemnification of Franchisee/Discontinuance of
Use of Marks

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FRANCHISE AGREEMENT

ROCOCO FRANCHISE CORPORATION

THIS AGREEMENT, made this _ day of _,20-, by and between Rococo Franchise Corporation, a corporation formed and operating under the laws of the State of Wisconsin, having its principal place of business at 105 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066. (hereinafter referred to as "FRANCHISOR"), and
whose principal address is

(hereinafter rel'erred to as "FRANCHISEE")

WHEREAS, FRANCHISOR as the result of the expenditure of time, skill, effort, and
money, has developed, and owns and will use its best efforts to provide a unique system (hereinafter "System") relating to the establishment, development and operation of a restaurant concept specializing h pizza and offering and serving other food and beverage items (the "Products"), the distinguishing characteristics of which System include, without limitation, marketing and advertising methods and techniques, operating procedures and materials, training and supervision, management assistance, administrative systems, business and reporting forms, staffing procedures, and product and equipment specifications; all of which may be changed, improved and further developed by FRANCHISOR; and

WHEREAS, FRANCHISOR uses and licenses certain trademarks and service marks, including'ROCKY ROCOCO" and associated logo, and may hereafter adopt, use and license additional service marks, trademarks and tradenames in connection with the ROCKY ROCOCO RESTAURANTS (collectively, hereinafter referred to as the "Marks"), and FRANCHISOR continues to develop, use and control such Marks for the benefit and exclusive use of FRANCHISOR, and its franchisees, in order to identifr for the public the source of services marketed thereunder and the system, and to represent the System's high standards ofquality and service; and

WHEREAS, FRANCHISEE desires to enter into the business of operating a restaurant specializing in pizza and offering and serving other food and beverage items under

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FRANCHISOR's System (the "RESTAURANT") and wishes to obtain a franchise lbr that purposes, as well as to receive the training, referrals and other assistance provided by FRANCHISOR, in connection therewith: and

WHEREAS, FRANCHISEE understands and acknowlcdges the importance of FRANCHISOR's high and uniform standards ofquality, and service and the necessity of operating the RESTAURANT in conformity with FRANCHISOR's standards and specifications;
and

WHEREAS, FRANCHISEE hereby acknowledges that FRANCHISEE has read this Agreement and the FRANCHISOR's Disclosure Document and that FRANCHISEE understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the FRANCHISOR's high standards of quality and service and the uniformity ofthose standards at all franchise locations and thereby to protect and preserve the goodwill of the Marks. FRANCHISEE acknowledges that FRANCHISEE has conducted an independent investigation ofthe business venture contemplated by this Agreement and recognizes that, like any other business, the nature ofthe business conducted by ROCKY ROCOCO RESTAURANTS may evolve and change over time, that an investment in a ROCKY ROCOCO RESTAURANT involves business risks and that the success of the venture is largely dependent upon FRANCHISEE's business abilities and ellorts; and

WHEREAS, the FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that FRANCHISEE has not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, profits or success ofthe business venture contemplated by this Franchise Agreement. FRANCHISEE acknowledges that FRANCHISEE has no knowledge ofany representations by the FRANCHISOR, or its officers, directors, shareholders, employees or agents that are contrary to the statements made in the FRANCHISOR's Disclosure Document or to the terms herein. FRANCHISEE further represents to FRANCHISOR, as an inducement to its entry into this Agreement, that all statements in FRANCHISEE's application for the franchise are accurate and complete and that FRANCHISEE has made no misrepresentations or material omissions in obtaining the franchise.

NOW, THEREFORE, the pa(ies, in consideration of the undertakings and commitments ofeach party to the other party set forth herein, hereby mutually agree as follows:

FRANCHISOR hereby grants unto FRANCHISEE the right to use the mark, 'ROCKY ROCOCOTM", and the right, franchise and privilege to use FRANCHISOR's techniques in the

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I. GRANT OIT I-'RANCHISI] AND IIRANCHiSE FEE

A. GRANT OF FRANCHISI]

operation of a ROCKY ROCOCO RESTAURANT, under the specific conditions hereinafler set forth, at one location only, from which FRANCHISEE shall operate the RESTAURANT continuously and without interruption throughout the term ofthis Agreement, such location to be in the of
(hereinafter "Franchise Location").

FRANCHISOR will not, so long as this Agreement is in force and effect, and
FRANCHISEE is not in default under any ofthe terms hereof, franchise or operate any other ROCKY ROCOCO RESTAURANT within a radius of one (1) mile of the RESTAURANT, except that a restaurant located within a major regional shopping mall shall not be granted a one (l) mile radius protection, nor shall a restaurant located within a major regional shopping mall which is within FRANCHISEE's one (1) mile radius protection be a violation of such protection, and if in the sole and exclusive judgment of FRANCHISOR, the RESTAURANT is located within a central business district the one (1) mile radius protection shall not apply. A major regional shopping mall is defined as a regional shopping mall consisting ofa minimum offive hundred thousand (500,000) square feet ofspace, including a minimum of two (2) department
stores as anchor tenants.

FRANCHISEE expressly acknowledges and agrees that this franchise relates solely to the location set forth above, and that the granting hereofis expressly subject to the conditions and limitations contained in this Agreement. Any change in location must first be approved in writing and signed by the FRANCHISOR.

FRANCHISOR retains the right, in FRANCHISOR's sole discretion, and without
granting any right to FRANCHISEE:

l. To operate and grant to others the right to operate ROCKY ROCOCO
RESTAURANTS, at such locations that do not infringe upon your Designated Territory,
and on such terms and conditions as FRANCHISOR deems appropriate; and

2. To sell the products and services authorized for ROCKY ROCOCO RESTAURANTS under the Marks, or under other trademarks and service marks, through similar or dissimilar channels ofdistribution and on such terms and conditions as
FRANCH ISOR deems appropriate.

FRANCHISEE agrees that FRANCHISEE will at all times faithfully, honestly and
diligently perform the obligations hereunder, continuously exert his best efforts to promote and enhance the RESTAURANT's business and not engage in any other business or activity that may conflict with FRANCHISEE's obligations hereunder. FRANCHISEE may not operate the RESTAURANT at any other site, except as set forth herein, without FRANCHISOR's prior
written consent.

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In consideration ofthe franchise granted herein, FRANCHISEE shall pay to
FRANCHISOR the sum of Twenty five thousand Dollars ($25,000.00), payable upon the execution of this Agreement, less any deposit paid by FRANCHISEE to FRANCHISOR prior to the execution of this Agreement. The Franchise Fee is nonrefundable upon execution of this Agreement as consideration for expenses incuned by FRANCHISOR in furnishing assistance and services to FRANCHISEE and for FRANCHISOR's lost or deferred opportunity to franchise others, except as provided in Paragraph LC. and V.A. of this Agreement.

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FRANCHISEE shall have ten (10) days from the date ofthe execution of this Agreement within which to cancel this agreement. In the event FRANCHISEE elects to so cancel, FRANCHISEE shall send written notice of FRANCHISEE's election to FRANCHISOR; said notice shall be accompanied by a demand for refund and FRANCHISOR's signed copy of this Agreement. FRANCHISOR shall make full refund of all deposits within five (5) days of receipt of FRANCHISEE's notice, except as provided for in the Franchise Deposit Agreement.

FRANCHISOR shall have twenty-one (21) days from the receipt of the signed Franchise Agreement within which to perlorm a credit check on the FRANCHISEE and/or FRANCHISEE's principals. In the event the credit report is unacceptable to FRANCHISOR, FRANCHISOR shall have the right to cancel this Agreement by returning to the FRANCHISEE all signed copies ofthis Agreement along with a full refund ofall deposits paid by the
FRANCHISEE.

A. TERM

This Agreement shall be effective and binding from the date of its execution and shall continue for a period of fifteen (15) years thereafter.

FRANCHISEE may, at FRANCHISEE's option, renew this Franchise for an additional fifteen (15) year term, provided, that at the end ofthe initial term:

L FRANCHISEE has given FRANCHISOR written notice of such election at
least two hundred forty (240) days prior to the expiration of the term of this Agreement. FRANCHISOR agrees to give FRANCHISEE written notice, not more than sixty (60)

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B. FRANCHISEFEE

II. TEI{M AND RENEWAL

B. RENEWAL

days after receipt of FRANCHISEE's notice, of FRANCHISOR's decision to renew or not renew the franchise and the conditions or deficiencies in the operation ofthe restaurant, if any, that FRANCHISEE must correct and the time periods in which such conditions or deficiencies must be corrected. FRANCHISOR shall give FRANCHISEE written notice of a decision not to grant a renewal based upon FRANCHISEE's failure to cure deficiencies not less than ninety (90) days prior to the expiration ofthis Agreement;
and

2. FRANCHISEE is not in default of any provision of this Agreement, any amendment hereofor successor hereto, or any other agreement between FRANCHISEE and FRANCHISOR, or FRANCHISOR's subsidiaries and affiliates, and has substantially complied with all the terms and conditions of such agreements during the terms thereof;
and

3. FRANCHISEE shall execute upon renewal FRANCHISOR's then-current
form offranchise agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement. FRANCHISEE will not be required, however, to pay again the initial fee provided for, or its equivalent, as a condition for renewal; and

4. FRANCIIISEE shall execute a general release, in a form prescribed by FRANCHISOR, of any and all claims against FRANCHISOR, and FRANCHISOR's subsidiaries and affiliates, and their respective officers, directors, agents and employees; and

5. FRANCHISEE maintains possession of and shall agree to remodel the
franchised premises in order to bring the inside and outside ofthe franchised premises up to the then-current standards of the FRANCHISOR prior to the commencement of the renewal term, or in the event, FRANCHISEE is unable to maintain possession of the premises, or in FRANCHISOR's judgment, the RESTAURANT should be relocated, FRANCHISEE secures substitute premises approved by FRANCHISOR and agrees to construct and develop such substitute premises in compliance with the then-current
standards of the FRANCHISOR; and

6. Prior to renewal, FRANCHISEE shall, at FRANCHISEE's expense, attend
and successfully complete to FRANCHISOR's reasonable satisfaction any retraining program FRANCHISOR may prescribe in writing.

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III. SII'E SELECTION. T,tsASE OF PREMISES AND DEVELOPMENT OF RESTAURANT

FRANCHISEE acknowledges that, prior to the execution date of this Agreement, FRANCHISEE (with or without FRANCHISOR's assistance) located and FRANCHISOR approved the site for the premises of the RESTAURANT. FRANCHISEE acknowledges and understands that FRANCHISOR's engaging in site selection activities, FRANCHISOR's suggestions, FRANCHISOR's approval of the premises and any information communicated to FRANCHISEE regarding the premises do not constitute a representation or warranty ofany kind, express or implied, as to the suitability of the premises for a ROCKY ROCOCO RESTAURANT or for any other purpose and shall in no way give rise to any liability of FRANCHISOR with regard to the viability of any location selected. FRANCHISOR's approval olthe premises indicates only that FRANCHISOR believes that the premises fall within the acceptable criteria established by FRANCHISOR as of the time period encompassing the evaluation. Both FRANCHISEE and FRANCHISOR acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive ofpotential for all sites and premises and that, subsequent to FRANCHISOR's approval ola site and premises, demographic and/or economic factors, including competition from other food service businesses, included in or excluded from FRANCHISOR's criteria could change, thereby altering the potential ofa site and premises. The uncertainty and instability ofsuch criteria are beyond FRANCHISOR's control, and FRANCHISOR shall not be responsible for the failure of a site and premises approved by FRANCHISOR to meet expectations as to potential revenue or operational criteria. FRANCHISEE lurther acknowledges and agrees that his acceptance ofa franchise for the operation of a ROCKY ROCOCO RESTAURANT at the premises is based on his own independent investigation ofthe suitability ofthe premises.

The Franchise Location shall be used for no purpose other than the operation of the RESTAURANT. FRANCHISEE shall not assign its lease or sublet the Franchise Location, or any portion of the Franchise Location, without the prior written consent of FRANCHISOR.

FRANCHISEE acknowledges that FRANCHISOR has approved the lease for the
premises of the RESTAURANT prior to the execution date of this Agreement. FRANCHISEE agrees that FRANCHISEE will not execute a lease which FRANCHISOR has disapproved and shall deliver a copy of the signed lease to FRANCHISOR within fifteen (15) days after its execution. FRANCHISEE further agrees that FRANCHISEE will, at FRANCHISOR's request, collaterally assign any lease to FRANCHISOR as security lor FRANCI-IISEE's timely performance ofall obligations under this Agreement and secure the lessor's consent to such

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A. SITE SELECTION

B. LEASE OF PREMISES

collateral assignment. FRANCHISEE acknowledges that FRANCHISOR's approval olthe Lease for the premises does not constitute a guarantee or warranty by FRANCHISOR, express or imptied, olthe successful operation or profitability of a ROCKY ROCOCO RESTAURANT operated at the premises. Such approval indicates only that FRANCHISOR believes that the premises and the terms of the lease fall within the acceptable criteria established by FRANCHISOR as of the time period encompassing the evaluation. FRANCHISEE shall duly and timely perform all ofthe terms, conditions, covenants and obligations imposed upon
FRANCHISEE under the lease.

C. FINANCING PLAN

Prior to development of the ROCKY ROCOCO RESTAURANT, FRANCHISEE must
obtain FITANCHISOR's consent to FRANCHISEE's financing plan, which consent shall not be unreasonably withheld. FRANCHISEE must submit a written plan for financing, which must include the sources and terms of financing and other information FRANCHISOR may require.

l. Prepare and submit to FRANCHISOR for FRANCHISOR's prior approval
(which may be granted or withheld in FRANCHISOR's sole discretion) any proposed modifications to FRANCHISOR's prototype or protostyle plans and specifications. Such modifications are allowed only to the extent necessary to comply with applicable
ordinances, building codes, permit requirements and Iease or deed requirements and restrictions;

2. Obtain all required building, utility, sign, health, sanitation, business and other permits and licenses required for construction and operation of the RESTAURAN'l',
including licenses and permits authorizing the RESTAURANT lawfully to sell and/or
serve alcoholic beverages on the Premises;

3. Construct all required improvements to the Premises, purchase and install all
required fixtures and equipment and decorate the Premises in compliance with the plans

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D. DEVELOPMENT OF RESTAURANT

Unless the RESTAURANT has already been developed and operated prior to the date of
this Agreement, FRANCHISEE shall be responsible for developing the RESTAURANT. FRANCHISOR will fumish to FRANCHISEE prototype or protostyle plans and specifications for a ROCKY ROCOCO RESTAURANT which reflect FRANCHISOR's requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. Promptly after obtaining possession of the Premises and having been fumished with these plans and specifications, FRANCHISEE will do or cause to be done the following at FRANCHISEE's sole expense:

4. Purchase in accordance with FRANCHISOR's specifications and requirements
an opening inventory offood and beverage products, ingredients and other products and supplies required for the RESTAURANT;

5. Establish filing, accounting and inventory control systems conforming to the
requirements prescribed by FRANCHISOR; and

FRANCHISOR will provide such consultation in connection with the RESTAURANT's development as FRANCHISOR deems appropriate.

FRANCHISEE specifically agrees not to hold FRANCHISOR liable for any delects or alleged defects in the premises, plans and specifications and the equipment specifications to be furnished by FRANCHISOR to FRANCHISEE. FRANCHISEE shall indemnifu FRANCHISOR and hold FRANCHISOR harmless from any damage occurring to third parties should there by any defect in said plans and specifications.

FRANCHISEE agrees to use in constructing and operating the RESTAURAN1' fixtures, equipment, furniture and signs that meet FRANCHISOR's specifications and standards for appearance, function and performance. FRANCHISEE may purchase fixtures, equipment, furniture and signs from any supplier which meet FRANCHISOR's specifications and standards for appearance, function and performance.

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and specifications FRANCHISOR approves and all applicable ordinances, building
codes, permit requirements and lease or deed requirements and restrictions;

6. Use a licensed general contractor reasonably satisfactory to FRANCHISOR to perform construction work at the site. If FRANCHISOR shall request, FRANCHISEE
shall immediately furnish to FRANCHISOR prior to commencement of construction and/or remodeling and/or refumishing of FRANCHISEE's location, the names and addresses ofany subcontractor and/or vendor to be involved in such construction, fumishing or design activity; copies of all permits, licenses, contractor's liability insurance certificates or other items required for the lawful construction, equipping and operation of the RESTAURANT; and copies of all construction contracts and documents. FRANCHISOR shall not be responsible for delays in the construction, equipping or decoration ofthe premises, or for any loss resulting from the location design or construction. FRANCHISOR shall be permitted, at FRANCHISOR's option, to conduct a final inspection ofthe premises and may require such corrections and modifications as it deems necessary to bring the premises into compliance with approved plans and specifications.

E. FIXTURES. EOUIPMENT. FURNITURE AND SIGNS

All signs to be used in connection with the RESTAURANT, both exterior and interior,
must conform to FRANCHISOR's sign criteria as to type, color, size, design, and location. All signs must be approved in writing by FRANCHISOR prior to installation or display.

RESl'AURANT OPENING

FRANCHISOR shall be permitted, at FRANCHISOR's option, to conduct a final
inspection of the premises and may require such corrections and modifications as FRANCHISOR deems necessary to bring the premises into compliance with approved plans and specifications. FRANCHISEE agrees that FRANCHISEE will not open the RESTAURANT lor business without FRANCHISOR's prior written approval. FRANCHISEE agrees to complete all required development and open the RES'fAURANT for business within six (6) months after the date of this Agreement.

A. OWNERSIII P AND GOODWILL OF MARKS

It is understood and agreed that this license to use FRANCHISOR's Marks applies only
to their use in connection with the operation of the business licensed hereunder and includes only such Marks as are now or may hereafter be designated by FRANCHISOR in writing for use by FRANCHISEE, and no other Marks of FRANCHISOR now existing or yet to be developed or acquired by FRANCHISOR. FRANCHISEE agrees to operate and advertise the RESTAURANT only under the Marks designated by FRANCHISOR in writing for that purpose. FRANCHISOR reserves the right to change, improve, discontinue, and substitute its tradenames, trademarks, service marks and logotypes. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, and tradenames FRANCHISOR hereafler authorizes FRANCHISEE to use.

FRANCHISEE acknowledges that FRANCHISOR is the owner of all right, title and
interest in and to the Marks and FRANCHISOR's ownership of the identification schemes, standards, specifications, operating procedures and other concepts embodied in the System. FRANCHISEE accordingly agrees that any unauthorized use of the System and the Marks is and shall be deemed an infringement of FRANCHISOR's rights; that, except as expressly provided by this Agreement, FRANCHISEE acquires no right, title or interest therein; that any and all goodwill associated with the System and the Marks shall inure exclusively to FRANCHISoR's benefit; and that, upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the System and the Marks.

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IV. PROPRII]]'ARYMAITKS

FRANCHISEE acknowledges that the use of the Marks outside of the scope of this
Agreement, without FRANCHISOR's prior written consent, is an infringement of FRANCHISOR's license to the right, title and interest in and to the Marks, and expressly covenants that during the term of this Agreement, and after the expiration or termination hereof, FRANCHISEE shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of FRANCHISOR's Marks, or take any other action in derogation thereof.

FRANCHISEE shall operate the RESTAURANT under the trade name, 'ROCKY
ROCOCO PIZZA AND PASTA", and shall use no other name.

FRANCHISEE shall not use the Marks as part of FRANCHISEE's corporate or olher
legal name, nor hold out or otherwise employ the Marks to perform any activity, or to incur any obligation or indebtedness, in such a manner as could reasonably result in making FRANCHISOR liable therefor.

FRANCHISEE understands and acknowledges that each and every detail of
FRANCHISOR's System is important to FRANCHISEE and FRANCHISOR in order to develop and maintain high and uniform standards ofquality and service and hence to protect and enhance the reputation and goodwill of FRANCHISOR. FRANCHISEE accordingly agrees:

L Except as provided herein, to refrain from using any ofthe Marks in
conjunction with any other word or symbol without FRANCHISOR's prior written
consent;

2. To adopt and use the Marks licensed hereunder solely in the manner
prescribed by FRANCHISOR:

3. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display ofthe legal name or other identifications of FRANCHISEE as FRANCHISOR may direct in writing; and

4. To execute and convey all documents requested by FRANCHISOR or FRANCHISOR's counsel that are necessary to obtain protection for the Marks or to
maintain their continued validity or enforceability, and to take no action that would
jeopardize the validity or enforceability thereof.

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B. T,IMITATIONS ON FRANCHISEE'S TJSE OF MARKS

FRANCHISEE shall promptly notify FRANCHISOR of any use by any person or legal entity other than FRANCHISOR or another of FRANCHISOR's franchisees, of any Marks licensed hereunder, any colorable variation thereof, or any other mark in which FRANCHISOR has or claims a proprietary interest. FRANCHISEE further agrees to notifi FRANCHISOR promptly of any litigation instituted by any person or legal entity against FRANCHISOR or FRANCHISEE involving the Marks. In the event FRANCHISOR, in its sole discretion, undertakes the defense or prosecution of any litigation relating to the Marks, FRANCHISEE agrees to execute and convey to FRANCHISOR any and all documents, and to render such assistance as may, in the opinion oIFRANCHISOR's counse[, be reasonably necessary to carry out such defense or prosecution. FRANCHISOR alone has the right to control or settle any litigation or proceedings relating to the Marks.

FRANCHISEE expressly acknowledges and agrees that this license to use the Marks is nonexclusive, and that FRANCHISOR has and retains the rights among others:

l. To grant other licenses for the Marks, in addition to those licenses already
granted to existing franchisees; and

2. To use the Marks in soliciting customers for FRANCHISOR's restaurants and
other related services. This solicitation may occur within FRANCHISEE's designated
area.

E. INDEMNIFICATION OF FRANCHISEE/DISCONTINI.JANCE OF USE OF

FRANCHISOR agrees to indemnifu FRANCHISEE against and to reimburse
FRANCHISEE for all damages for which FRANCHISEE is held liable in any proceeding in which FRANCHISEE's proper use of any Mark in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution and for all costs FRANCHISEE reasonably incurs in defending any such claim brought against FRANCHISEE or any proceeding in which FRANCHISEE is named as a party, provided that FRANCHISEE has timely notified FRANCHISOR of such claim or proceeding and has otherwise complied with this Agreement. FRANCHISOR, at FRANCHISOR's option, shall be entitled to defend and control the defense of any proceeding arising out of FRANCHISEE's use of any Mark pursuant to and in compliance with this Agreement.

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C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

D. NON-EXCI,USIVE USE OI-'MARKS

MARKS

If it becomes advisable at any time in FRANCHISOR's sole discretion for
FRANCHISOR and,/or FRANCHISEE to modily or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, FRANCHISEE agrees to comply with FRANCHISOR's directions to modify or otherwise discontinue the use of such Mark and/or use one or more additional or substitute trademarks or service marks within a reasonable time after notice thereof by FRANCHISOR. FRANCHISOR's sole obligation in any such event shall be to reimburse FRANCHISEE for FRANCHISEE's reasonable out-of-pocket costs of changing signage. FRANCHISOR shall not be obligated to reimburse FRANCHISEE for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by FRANCHISEE to promote a modified or substitute trademark or service mark.

Prior to the RESTAURANT's opening, FRANCHISOR shall furnish an initial training
program on the operation of a ROCKY ROCOCO RESTAURANT at such place and time as FRANCHISOR designates. FRANCHISEE (or, if FRANCHISEE is a partnership, limited liability company or corporation, a designated person) shall be required to complete all phases of the initial training program to FRANCHISOR's satisfaction and to participate in all other activities required to open the RESTAURANT. FRANCHISEE shall be solely responsible for the compensation, travel, lodging and [iving expenses which FRANCHISEE (or its designated person) incurs in connection with the initial training program or any supplemental or refresher training programs.

Subsequent to the RESTAURANT's opening, FRANCHISOR will provide training
(subject to reasonable limitations FRANCHISOR prescribes as to frequency and time) to any new manager of the RESTAURANT. FRANCHISOR shall have the right to charge FRANCHISEE reasonable fees for such training. FRANCHISOR shall also have the right to require that FRANCHISEE (or its designated person) and/or any managers complete supplemental and refresher training programs at such times and places as FRANCHISOR may designate.

FRANCHISEE acknowledges that, unless FRANCHISEE (or its designated person) expressly informs FRANCHISOR at the end of FRANCHISOR's initial training program that FRANCHISEE does not feel completely trained in the operation of a ROCKY ROCOCO RESTAURANT, if FRANCHISEE (or its designated person) passes FRANCIIISOR's standard tests for determining proficiency in and knowledge of the operation of a ROCKY ROCOCO RESTAURANT and otherwise completes all phases of the initial training program to FRANCHISOR's satisfaction, FRANCHISEE shall be deemed to have been sufficiently trained in the operation of a ROCKY ROCOCO RESTAURANT.

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V. TRAINING AND ASSISTANCE

A, TRAINING

If, during the initial training program, FRANCHISOR determines, in FRANCHISOR's
sole discretion, that FRANCHISEE (or its designated person) is unable to complete the initial training program to FRANCHISOR's satisfaction, FRANCHISOR may terminate this Agreement. If this Agreement is terminated, and provided that FRANCHISEII executes all releases, waivers and other documents prescribed by FRANCHISOR, FRANCHISOR shall refund FRANCHISEE's initial franchise fee less the expenses FRANCHISOR incurred in connection with granting the Franchise, developing the RESTAURANT and training FRANCHISEE. FRANCHISEE acknowledges that such expenses will be no less than Five thousand Dollars ($5,000.00). FRANCHISEE agrees and acknowledges that, in the event ofsuch termination, FRANCHISEE is bound by the terms and conditions of Paragraph XVI.D. of this Agreement. Moreover, FRANCHISOR shall have the option, but not the obligation, to exercise its right to a collateral assignment of FRANCHISEE's lease for the Premises within twenty (20) days after receiving all written agreements relating to the lease, and/or the premises, including copies of all pemits and licenses and such other documents that FRANCHISOR requests. If FRANCHISOR exercises its option to take a collateral assignment of the lease, FRANCHISOR shall reimburse FRANCHISEE for all of FRANCHISEE's reasonable out-of-pocket costs of developing the Premises.

B. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

FRANCHISEE shall hire all employees of the RESTAURANT, be exclusively
responsible for the terms of their employment and compensation, and implement an employee training program that complies with FRANCHISOR's requirements. FRANCHISEE agrees to maintain at all times a staffoftrained employees sufficient in number to operate the RESTAURANT in compliance with FRANCHISOR's standards.

FRANCHISOR shall provide FRANCHISEE with such supervisory assistance and
guidance in connection with the RESTAURANT's opening and initial operation for a period of five (5) days commencing three (3) days prior to opening the RESTAURANT. This assistance includes the providing, by FRANCHISOR, of one (1) member of FRANCHISOR's operational staff to assist FRANCHISEE. FRANCHISOR shall provide such staff at FRANCHISOR's expense, with the exception that all costs including lodging and meals that may be incurred by FRANCHISOR, ofsuch store personnel, after the expiration ofthe five (5) day opening training period is bome by FRANCHISEE, at FRANCHISEE's sole expense, if such personnel are available for such extended period.

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C. OPENING ASSISTANCE

FRANCHISOR shall advise FRANCHISEE of operating problems of the
RESTAURANT disclosed by reports submitted to or inspections made by FRANCHISOR Further, FRANCHISOR shatl furnish to FRANCHISEE such guidance and assistance in connection with the RESTAURANT's operation as FRANCHISOR deems appropriate. Operating assistance may consist ofadvice and guidance with respect to:

l. Methods, standards and operating procedures utilized by ROCKY ROCOCO
RESTAURANTS;

2. Products and services authorized for sale by ROCKY ROCOCO
RESTAURANTS;

3. Selecting, purchasing and preparing Products, materials and supplies;

4. Advertising and promotional programs; and

5. Administrative, bookkeeping, accounting, inventory control, sales and general
operating procedures for ROCKY ROCOCO RESTAURANTS.

Such guidance shall, in FRANCHISOR's discretion, be furnished in the form of FRANCHISOR's Operations Manual, bulletins or other written materials, telephonic consultations and/or consultations at FRANCHISOR's offices or at the RESTAURANT in

conjunction with an inspection of the RESTAURANT. Additional guidance and assistance may, in FRANCHISOR's discretion, be made available at the per diem fees and charges established by FRANCHISOR-

FRANCHISEE shall attend annually the National Convention for the System, if held, and wherever held. In the event that FRANCHISEE has a serious conflict which precludes FRANCHISEE from attending, FRANCHISEE may send an employee as a substitute attendee. FRANCHISEE shall bear all costs and expenses for travel, lodging and meals for all attendees of the National Convention. FRANCHISEE shall not be required to attend more than one (l)
annual convention in any calendar year.

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D. OPERATING ASSISTANCE

E. NATIONAL CONVENTION

Vl. AI)VITRTISING

FRANCHISOR will direct all advertising, media placement, marketing and public
relations programs and activities financed by the Fund, with sole discretion over strategic direction, creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation thereof. The Fund may be used to pay various costs and expenses, including preparing and producing video, audio and written advertising materials; websites; interest on borrowed funds; sponsorship ofsporting, charitable or similar events; reasonable salaries and expenses of employees of FRANCHISOR, or FRANCHISOR's affiliates, working for or on behalfofthe Fund; or on advertising, marketing, public relations materials, programs or activities or promotions for the benefit ofthe Fund; and administrative costs and overhead of FRANCHISOR, or FRANCHISOR's affiliates, incurred in activities reasonably intended to the administration and activities ofthe Fund; administering advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing adve(ising agencies to assist therewith; and supporting public relations, market research and other advertising; promotional and marketing activities, including testing and test market programs, lu[fillment charges, and development, implementation and testing oftrade dress and design prototypes. FRANCHISEE must participate in all advertising, marketing, promotions, websites, research and public relations programs instituted by the Fund. The Fund shall furnish FRANCHISEE with reasonable quantities of marketing, advertising and promotional formats and materials at the same cost, terms, and conditions that such materials are furnished to other franchised ROCKY ROCOCO RESTAURANTS.

The Fund shall be accounted for separately from FRANCHISOR's other funds, but shall
not be required to be segregated, and shall not be used to defray any of FRANCHISOR's general operating expenses, except for such reasonable salaries, administrative costs and overhead as FRANCHISOR may incur in activities related to the administration of the Fund and its

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A. CREATION OF MARKETING PROGRAMS BY I,'RANCHISOR

Recognizing the value ofadvertising and marketing to the goodwill and public image of ROCKY ROCOCO RESTAURANTS, FRANCHISOR will institute, maintain and administer a marketing fund (the "Fund") for the creation and development of such advertising, marketing, media placement, media and public relations programs, research, websites, and relative activities that FRANCHISOR deems necessary or appropriate to advertise or promote ROCKY ROCOCO RESTAURANTS. FRANCHISEE shall pay FRANCHISOR, for deposit into the Fund, an advertising fee in an amount designated by FRANCHISOR, in FRANCHISOR's sole discretion, not to exceed Three-quarters of One percent (0.^/ 5%) of the RESTAURANT's Gross Sales. payable weekly together with the Royalty and Service Fee due under this Agreement. Such payments shall be made in addition to and exclusive of any sums that FRANCHISEE may be required to spend on the local advertising fund and local advertising.

marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials, developing and maintaining websites, and collecting and accounting for contributions to the Fund. FRANCHISOR may spend in any fiscal year an amount greater or less than the aggregate contribution of all ROCKY ROCOCO RESTAURANTS to the Fund in that year, and the Fund may borrow from FRANCHISOR or other lenders to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. It is anticipated, and it is the intent of FRANCHISOR that all contributions to the Fund shall be expended for adverlising and promotional purposes during the FRANCHISOR's fiscal year within which year contributions are made. Funds not expended in the fiscal year contributed may be applied and used for Fund expenses in the following year, or at the discretion of FRANCHISOR, distributed to FRANCHISOR,S franchisees, FRANCHISOR, and FRANCHISOR'S affiliates, in proporlion to the respective contributions to the Fund during the preceding twelve (12) month period. All interest eamed on monies contributed to the Fund will be used to pay advertising costs incurred by the Fund before other assets ofthe Fund are expended. A statement of monies collected and costs incurred by the Fund shall be prepared annually by FRANCHISOR and shall be fumished to FRANCHISEE upon written request. FRANCHISOR will have the right to cause the Fund to be incorporated or operated through an entity separate from FRANCHISOR at such time as FRANCHISOR deems appropriate, and such successor entity shall have all rights and duties of FRANCHISOR pursuant to this Paragraph. Except as expressly provided in this Paragraph, FRANCHISOR assumes no direct or indirect liability or obligation to FRANCHISEE with respect to the maintenance, direction or administration of the Fund. FRANCHISEE agrees and acknowledges that the Fund is intended to maximize the general public recognition and acceptance ofthe Marks for the benefit of the System and that FRANCHISOR, and FRANCHISOR's designee, make no representation and underlake no obligation in administering the Fund to make the expenditures for FRANCHISEE which are equivalent or proportionate to FRANCHISEE's contribution, or to insure that any particular FRANCHISEE benefits directly or pro rata from the Fund. FRANCHISEE further acknowledges and agrees that the failure ofany other franchisee to make the appropriate amount of contributions to the Fund shall not in any way release FRANCHISEE from, or reduce, FRANCHISEE's obligations under this Paragraph VLA., such obligations being separate and independent obligations of FRANCHISEE under this Agreement.

Although FRANCHISOR intends the Fund to be of perpetual duration, FRANCHISOR reserves the right to suspend contributions to and operations ofthe Fund for one or more periods, and the right to terminate the Fund, upon thifiy (30) days'prior written notice to FRANCHISEE. All unspent monies on the date of termination shall be distributed to FRANCHISOR's franchisees and FRANCHISOR, and FRANCHISOR's alfiliates, in proportion to their respective contributions to the Fund during the preceding twelve (12) month period. FRANCHISOR shall have the right to reinstate the Fund upon the same terms and conditions set forth herein upon thirty (30) days' prior written notice to FRANCHISEE.

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FRANCHISOR may increase the maximum contribution to the Fund, provided, that such increase is approved by the owners ofnot less than Sixty percent (60%) of the RESTAURANTS which are required to contribute to the Fund.

FRANCHISOR will develop and maintain a website serving both FRANCHISOR and F'RANCHISEE. FRANCHISEE's RESTAURANT shall be listed in such website. FRANCHISEE shall not create a website separate from the website created by FRANCHISOR.

FRANCHISEE agrees that, unless otherwise notified by FRANCHISOR, in
FRANCHISOR's sole discretion, FRANCHISEE shall participate in a local advertising fund (the "Local Ad Fund") comprised of ROCKY ROCOCO RESTAURANTS (including those owned by FRANCHISOR, or FRANCHISOR's affiliates, or other franchisees, to the extent FRANCHISOR has the right to require any such affiliate or franchise owner to do so) located in the same market area (subject to the rights of other ROCKY ROCOCO franchise owners under their Franchise Agreements with FRANCHISOR). FRANCHISOR shall establish, maintain and administer the Local Ad Fund for such advertising, media placement, websites, marketing and public relations programs and related activities as FRANCHISOR, in FRANCHISOR's sole discretion, may deem necessary or appropriate to promote ROCKY ROCOCO RESTAURANTS in the market area. FRANCHISEE shall contribute to such Local Ad Fund an amount designated by FRANCHISOR, in FRANCHISOR's sole discretion, not to exceed Three and one-half percent (3 112%) of RESTAURANT's gross sales, based upon the following formula:

1. Restaurants with no electronic media shall contribute One and one-halfpercent
(1 112%) of weekly gross sales;

2. Restaurants with radio media shall contribute Two and one-half percent (2 112%) of
weekly gross sales; and

3. Restaurants with television media shall contribute Three and one-halfpercent
(3 112%) of weekly gross sales

The contribution to the Local Ad Fund is payable weekly together with the Royalty and Servtce Fee due hereunder, for each week in which the FRANCHISEE participates in the Local Ad
Fund.

FRANCHISOR may increase the maximum contribution to the Local Ad Fund, provided,
that such increase is approved by the owners ofnot less than Sixty percent (60%) ofthe RESTAURANTS which are required to contribute to the Local Ad Fund (including FRANCHISOR-owned, affi[iate-owned, and Franchised Restaurants).

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B. CREATION OF LOCAL ADVERTISING FUND

Amounts paid to such Local Ad Fund by FRANCHISEE shall be payable to
FRANCHISOR by separate check or transfer at the same time and in the same manner as the Royalty and Service Fee and Fund contributions due under this Agreement. ROCKY ROCOCO RESTAURANTS located in the same market area which are owned by FRANCHISOR, or FRANCHISOR's affiliates, to the extent FRANCI{ISOR has the right to require such affiliates to do so, shall contribute to such Local Ad Fund on the same basis as franchise owners who are members of such Local Ad Fund.

FRANCHISOR, or FRANCHISOR's designee, shall direct all advertising, media
placement, marketing and public relations programs and activities of the Local Ad Fund, with sole discretion over the strategic direction, creative concepts, materials and endorsements used therein, and the geographic, market, and media placement and allocation thereof within the market area. FRANCHISEE may consult with and advise FRANCHISOR conceming activities ofthe Local Ad Fund. FRANCHISEE agrees that the Local Ad Fund may be used to pay the costs ofpreparing, adopting and producing video, audio and written advertising materials, interest on borrowed funds, sponsorship of sporting, charitable or similar events, reasonable salaries and expenses of employees of FRANCHISOR, or FRANCHISOR's affiliates, working for or on behalfofthe Local Ad Fund or on advertising, marketing, public relations materials, programs, or activities or promotions for the benefit ofthe Local Ad Fund and administrative costs and overhead of FRANCHISOR, or FRANCHISOR's affiliates, incurred in activities reasonably related to administration or activities of the Local Ad Fund; administering advertising programs, including, without limitation, purchasing direct mail or other media adve(ising and employing advefiising agencies to assist therewith; and supporting pubtic relations, market research and other adverlising, promotional and marketing activities including testing and test marketing, fulfillment charges and development, implementation, and testing of design prototypes. FRANCHISEE agrees to participate in all advertising, promotional events and public relations programs instituted by the Local Ad Fund.

The Local Ad Fund shall be accounted for separately from FRANCHISOR's other funds,
but shall not be required to be segregated, and shall not be used to defray any of FRANCHISOR's general operating expenses, except for such reasonable salaries, administrative costs and overhead as FRANCHISOR may incur in activities related to the administration of the Fund and its marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Local Ad Fund. FRANCHISOR may spend in any fiscal year an amount greater or less than the aggregate contribution of all ROCKY ROCOCO RESTAURANTS to the Local Ad Fund in that year, and the Local Ad Fund may borrow from FRANCHISOR or other lenders to cover deficits ofthe Local Ad Fund or cause the Local Ad Fund to invest any surplus for future use by the Local Ad Fund. It is anticipated, and it is the intent of FRANCHISOR that all contributions to the Local Ad Fund shall be expended for adve(ising and promotional purposes during the FRANCHISOR's fiscal year within which year contributions are made. Any funds not expended

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in the fiscal year contributed shall be apptied and used for Local Ad Fund expenses in the following year. All interest eamed on monies contributed to the Local Ad Fund will be used to pay advertising costs incurred by the Local Ad Fund before other assets of the Local Ad Fund are expended. A statement of monies collected and costs incurred by the Local Ad Fund shall be prepared annually by FRANCHISOR and shall be furnished to FRANCHISEE upon written request. FRANCHISOR will have the right to cause the Local Ad Fund to be incorporated or operated through an entity separate from FRANCHISOR at such time as FRANCHISOR deems appropriate, and such successor entity shall have all rights and duties of FRANCHISOR pursuant to this Paragraph. Except as expressly provided in this Paragraph, FRANCHISOR assumes no direct or indirect liability or obligation to FRANCHISEE with respect to the maintenance, direction or administration of the Local Ad Fund. FRANCHISEE agrees and acknowledges that the Local Ad Fund is intended to maximize the general public recognition and acceptance of the Marks for the benefit of the System and that FRANCHISOR, and FRANCHISOR's designee, make no representation and undertake no obligation in administering the Local Ad Fund to make the expenditures for FRANCHISEE which are equivalent or proportionate to FRANCHISEE's contribution, or to insure that any particular FRANCHISEE benefits directly or pro rata from the Local Ad Fund. FRANCHISEE further acknowledges and agrees that the failure of any other franchisee to make the appropriate amount ofcontributions to the Local Ad Fund shall not in any way release FRANCHISEE from, or reduce, FRANCHISEE's obligations under this Paragraph VI.B., such obligations being separate and independent obligations ofFRANCHISEE under this Agreement.

Although FRANCHISOR intends the Local Ad Fund to be of perpetual duration, FRANCHISOR reserves the right to suspend contributions to and operations ofthe Local Ad Fund for one or more periods, and the right to terminate the Local Ad Fund, upon thirty (30) days'prior written notice to FRANCHISEE. All unspent monies on the date of termination shall be distributed to FRANCHISOR's franchisees and FRANCHISOR, and FRANCHISOR's affiliates, in proportion to their respective contributions to the Local Ad Fund during the preceding twelve (l2) month period. FRANCHISOR shall have the right to reinstate the Local Ad Fund upon the same terms and conditions set forth herein upon thirty (30) days'prior written
notice to FRANCHISEE.

During any week during the term of this Agreement in which FRANCIIISEE docs not participate in the Local Ad Fund, as set forth in Section VI.B. above, an amount designatcd by FRANCIIISOR, at FRANCHISOR's sole discretion, not to exceed Three and one-half percent (3 l/2%) oIRESTAURANT's gross sales during such week, shall be expended by FRANCHISEE lor local advertising and promotion of the RESTAURANT. The amount expended shall be based upon the following formula:

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C. LOCAL ADVERTISING BY FRANCHISEE

1 . Reslaurants with no electronic media shall expend One and one-half percent
(l I l2%) of weekly gross sales;
2. Restaurants with radio media shall expend Two and one-halfpercent (2 1l2yo) of
weekly gross sales; and
3. Restaurants with television media shall expend Three and one-halfpercent (3 ll2%o)
of weekly gross sales.

Such expenditures shall be made within ninety (90) days ofthe close of a weekly period.
Such expenditures shall be referred to as "Local Expenditures". The following shall not count as Local Expenditures: 1) money spent on classified telephone directory listings and advertisements, advertising and promotional expenses required under the Lease for the RESTAURANT and discounts and the redemption ofcoupons; and 2) the cost ofgoods or services supplied without charge. If required by FRANCHISOR, within fifteen (15) days after the end of each calendar quarter, during the term of this Agreement, FRANCHISEE shall submit, in a form prescribed by FRANCHISOR, verification of its local expenditures lor the previous calendar quarter. Amounts spent for local advertising and promotion olthe RESTAURANT shall not be credited towards FRANCHISEE Local Expenditures under this Agreement to the extent that FRANCHISEE is reimbursed for such expenditures by, or such expenditures are made by, a supplier of the RESTAURANT.

FRANCHISOR may increase the maximum amount which shall be expended by FRANCHISEE for local advertising and promotion of the RESTAURANT, provided, that such increase is approved by the owners of not less than Sixty percent (60%) of the RESTAURANTS which are not pa(icipating in the Local Ad Fund, as set forth in Section VI.B. above (including FRANCHISOR-owned, affiliate-owned, and franchised RESTAURANTS).

FRANCHISEE agrees to list and advertise the RESTAURANT in the principal regular
(white pages) and classified (yellow pages) telephone directories distributed within FRANCHISEE's primary trading area, in such directory categories that FRANCHISOR specifies, utilizing FRANCHISOR's standard forms of listing and classified directory advertisements. Such classified directory advertisements shall list other ROCKY ROCOCO RESTAURANTS operating within the distribution area of such classified directories and the cost of such advertisements shall be reasonably apportioned among all ROCKY ROCOCO RESTAURANTS listed therein.

FRANCHISEE agrees to conduct a grand opening advertising and promotion program for
the RESTAURANT during the period commencing thirty (30) days before and ending thirty (30) days after its opening and to expend not less than Five thousand Dollars ($5,000.00) for such pupose. Such advertising and promotion shall utilize the standard marketing and public relations programs and media and advertising materials that FRANCHISOR has developed for grand opening programs.

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For purposes of FRANCHISEE's local advertising and promotion requirements,
advertising expenditures shall include amounts individually expended for adverlising media such as television, radio, newspaper, billboards, magazines, posters, direct mail, sports program booklet advertising, collateral promotional and novelty items (e.g., matchbooks, pens, pencils, bumper stickers), advertising on public vehicles, such as cabs and busses, and, ifnot provided by FRANCHISOR, the cost ofproducing approved materials necessary to participate in these media, including advertising agency commissions related to the production ofsuch advertising. Advertising expenditures shall not include payments for items which FRANCHISOR, in FRANCHISOR's reasonable judgment, deems inappropriate for the advertising requirements, including, without limitation, payments for permanent on-premises signs and menu boards, lighting, menus, vehicles, even though such vehicles may display the Marks (cost ofproduction, decals or sign painting on vehicles will qualift), and contributions, sponsorships, premiums or similar offers, such as discounts, price reductions, lree offers, sweepstakes, employee incentive programs and other similar payments.

Prior to their use by FRANCHISEE, samples of all local advertising and promotional
materials not prepared or previously approved by FRANCHISOR shall be submitted to

FRANCHISOR for FRANCHISOR's approval, which will not be unreasonably withheld. If FRANCHISEE does not receive written disapproval within fifteen (15) days after FRANCHISOR's receipt of such materials, FRANCHISOR shall be deemed to have not given the required approval. FRANCHISEE shall not use any advertising or promotional materials that FRANCHISOR has disapproved. FRANCHISOR, in FRANCHISOR's sole discretion, may disapprove on a prospective basis material that FRANCHISOR had previously approved.

In the event FRANCHISEE as part of FRANCHISEE's advertising program provides
coupons to prospective purchasers, such coupons shall be unit specific only and shall be redeemed only at FRANCHISEE's location.

FRANCHISEE shall not adveftise or use in advertising or any other form of promotion,
the Marks of FRANCHISOR without appropriate lrcrr or 'rR copyright and registration marks or the notation "rMu as to unregistered marks.

FRANCHISOR shall have the right to conduct market research in FRANCHISEE's
designated area.

In order to protect the reputation and goodwill associated with the mark, "ROCKY
ROCOCO" and to maintain the uniform standards of operation thereunder, FRANCHISEE shall conduct FRANCHISEE's ROCKY ROCOCO RESTAURANTS in strict accordance with

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VII. CONFIDENTIALOPERATIONSMANUAL

FRANCHISOR's Contidential Operations Manual (the "Operations Manual"). The specifications, standards and operating procedures included in the Confidential Operations Manual include, but are not limited to, the following:

Operations
Equipment
Administration
Purchasing
Human Resources

Training

FRANCHISOR will loan to FRANCHISEE during the term of this Agreement one (l)
copy of the Operations Manual which may consist of one (1) or more manuals and other written materials. The Operations Manual shall contain mandatory and suggested specifications, standards and operating procedures that FRANCHISOR prescribes for ROCKY ROCOCO RESTAURANTS and information relating to FRANCHISEE's other obligations hereunder. FRANCHISOR shall have the right to add to and otherwise modify the Operations Manual to reflect changes in products and services and in the specifications, standards and operating procedures of a ROCKY ROCOCO RESTAURANT, provided that no such addition or modification shall alter FRANCHISEE's fundamental status and rights under this Agreement. FRANCHISEE shall keep FRANCHISEE's copy of the Operations Manual cunent, and the master copy that FRANCHISOR maintains at FRANCHISOR's principal office shall be controlling in the event ofa dispute relating to the contents of the Operations Manual. In the event FRANCHISEE's copy of the Operations Manual is lost, destroyed or significantly damaged, FRANCHISEE shall be obligated to obtain from FRANCHISOR, at FRANCHISOR's then-applicable charge, a replacement copy of the Operations Manual. FRANCHISEE shall promptly disclose to FRANCHISOR, FRANCHISEE's knowledge of any unauthorized use of the proprietary information contained in the Operations Manual.

FRANCHISEE shall at all times treat as confidential, and shall not at any time disclose,
copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source, the contents ofsaid Operations Manual.

The Operations Manual shall at all times remain the sole property of FRANCHISOR and
shall promptly be returned upon the expiration or other termination olthis Agreement.

FRANCHISOR may revise the contents of the Operations Manual so as to convey to FRANCHISEE advancements and new developments in sales, marketing, operational techniques and other items and procedures relevant to the operation of the RESTAURANT and

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FRANCHISEE agrees to be bound by and to conduct business in accordance with such revised requirements of the Operations Manual.

FRANCHISOR possesses certain confi dential information (the "Confi dential
Information") relating to the operation of ROCKY ROCOCO RESTAURANTS, which includes:
(1) site and premises selection criteria; (2) plans and specifications for the development of ROCKY ROCOCO RESTAURANTS; (3) methods, techniques, formats, specifications, systems, procedures, sales and marketing techniques and knowledge ofand experience in the development and operation of ROCKY ROCOCO RESTAURANTS; (4) marketing and advertising programs for ROCKY ROCOCO RISTAURANTS; (5) knowtedge olspecifications for and suppliers of certain products, materials, supplies, equipment and fumishings; and (6) knowledge ofoperating results and financial performance of ROCKY ROCOCO RESTAURANTS other than the RESTAURANT. FRANCHISOR may disclose certain Confidential Information to FRANCHISEE (or its approved partner, member or shareholder) and FRANCHISEE's managers in the initial training program and subsequent training, the Operations Manual and guidance fumished to FRANCHISEE (or its approved partner, member or shareholder) and FRANCHISEE's managers during the term of this Agreement.

FRANCHISEE acknowledges and agrees that FRANCHISEE will not acquire any
interest in Confidentia[Information, other than the right to utilize Confidential Information disclosed to FRANCHISEE in the operation of the RESTAURANT during the term of this Agreement, and that the use or duplication ofany Confidential Information in any other business would constitute an unfair method of competition. FRANCHISEE further acknowledges and agrees that Confidential Information is proprietary, includes trade secrets of FRANCHISOR and will be disclosed to FRANCHISEE solely on the condition that FRANCHISEE agrees, and FRANCHISEE does hereby agree, that FRANCHISEE: (l) will not use Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality ofConfidential Information during and after the term ofthis Agreement; (3) witl not make unauthorized copies ofany portion ofConfidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures that FRANCHISOR prescribes to prevent unauthorized use or disclosure of Confidential Information, including. without limitation, restrictions on disclosure thereofto FRANCHISEE's employees and the use ofnondisclosure and noncompetition agreements with employees who have access to Confidential Information. Notwithstanding anything to the contrary contained in this Agreement and provided FRANCHISEE shall have obtained FRANCHISOR's prior written consent, which shall not be unreasonably withheld, the restrictions on FRANCHISEE's disclosure and use of Confidential Information shall not apply to the following: (l) information, processes or techniques which are or become generally known in the pizza restaurant industry other than through disclosure (whether deliberate or inadvertent) by FRANCHISEE; and (2) disclosure of Confidential

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VIII. CONFIDENTIALINFORMAlION

Information in judiciat or administrative proceedings to the extent that FRANCHISEE is tegally compelled to disclose such information, provided FRANCHISEE shall have used FRANCHISEE's best efforts and afforded FRANCHISOR the opportunity to obtain an appropriate protective order or other assurance satisfactory to FRANCHISOR ofconfidential treatment for the information required to be disclosed.

FRANCHISEE agrees that FRANCHISOR shall have the perpetual right to use and
authorize other ROCKY ROCOCO RESTAURANTS to use, and FRANCHISEE shall fully and promptly disclose to FRANCHISOR, all ideas, concepts, methods and techniques relating to the development and/or operation of a pizza restaurant or carry-ou1 or delivery business conceived or developed by FRANCHISEE and/or FRANCHISEE's employees during the term of this Agreement.

During the term olthis Agreement, FRANCHISEE shall maintain and preserve, for at
least three (3) years from the dates oltheir preparation, flull, complete and accurate books, records (including invoices and records relating to advertising expenditures) and accounts (utilizing the standard chart ofaccounts furnished or required by FRANCHISOR), copies of sales tax retums and copies of such portions of FRANCHISEE's State and Federal income tax returns as reflect FRANCHISEE's operation. FRANCHISEE shall utilize only cash registers with "non-resettable totals". The financial statements and/or other periodic reports described below must be prepared to segregate the income and related expenses ofthe RESTAURANT from those ofany other business which may be conducted by FRANCHISEE, and for which royalty fee and service fees are not payable to FRANCHISOR.

During the term of this Agreement, FRANCHISEE shall establish and maintain, at FRANCHISEE's expense, a bookkeeping, accounting, record keeping and data processing system conforming to the requirements and formats that FRANCHISOR prescribes. FRANCHISEE shall furnish to FRANCI{ISOR in such forms that FRANCHISOR prescribes the following:

1. By Friday of each week, a report on the RESTAURANT's Gross Sales for the
previous week;

2. Within five (5) days after the end ol each four-week fiscal period,
FRANCHISOR's Operational Report in the format prescribed by FRANCHISOR; and

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IX. R,ECORDS AND REPORTS

A. ACCOUNTING AND RECORDS

B. REPORTS AND TAX RETURNS

within twenty (20) days after the end ofeach four-week fiscal period, a profit and loss statement for the RESTAURANT for such four-week fiscal period and year-to-date and a balance sheet and statement offinancial condition as ofthe end ofsuch four-week fiscal period;

3. Within sixty (60) days after the end of FRANCHISEE's fiscal year, a balance
sheet, profit and loss statement and statement of financial condition lor the
RESTAURANT as ofthe end ofsuch fiscal year; and

4. Within ten (10) days after FRANCHISOR's request, exact copies of Federal
and State income, service, sales and any other tax returns and such other forms, records,
books and other information as FRANCHISOR may periodically require.

Each report and financial statement shall be signed and verified by FRANCHISEE in the manner FRANCHISOR prescribes. FRANCHISOR shall have the right to disclose data derived from such sales reports. FRANCHISOR reserves the right to require FRANCHISEE to have audited or reviewed financial statements prepared on an annual basis.

FRANCHISOR, or FRANCHISOR's designated agents, shall have the right at any time
during business hours, and without prior notice to FRANCHISEE, to examine, audit, and copy, or cause to be examined, audited, and copied, at FRANCHISOR's expense, the books, records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books and records and the books and records ofany corporation or partnership which holds the franchise. FRANCHISOR shall also have the right, at any time, to have an independent audit made of the books of the FRANCHISEE. If an inspection should reveal that any payments due FRANCHISOR have not been paid or have been understated in any report to FRANCHISOR, then FRANCHISEE shall immediately pay to FRANCHISOR the amount previously unreported or understated upon demand. Upon the discrepancy in the report of gross receipts oltwo percent (2%) or more, FRANCHISEE shall pay and reimburse FRANCHISOR for any and all expenses connected with said inspection, including, but not limited to, reasonable accounting and legal fees, as well as intereit on the unreported receipts at the maximum rate permitted by law. The foregoing remedies shall be in addition to any other remedies FRANCHISOR may have.

FRANCHISOR may, partially or completely, computerize as many facets of the lranchise system operations which, in the sole discretion of FRANCHISOR, will benefit the franchise system. FRANCHISOR may develop, or contract for development, "licensed programs",

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C. FRANCHISOR'S RIGHT TO AUDIT

D. FRANCHISOR'S RIGIIT TO COMPUI'TIRIZE

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defined as computer software programs which may include, without limitation, FRANCHISOR's required point-of-sale system, bookkeeping, inventory, training, marketing, employee selection, operations and financial information collection or retrieval systems for use in connection with the operation of the RESTAURANT. FRANCHISEE agrees, when available, to use in the development and operation ofthe RISTAURANT only the licensed program and those brands, types, makes and/or models of computer hardware which FRANCHISOR may specifl, or require for the computer system. During the term of this Agreement, FRANCHISOR may require FRANCHISEE to obtain specified computer hardware and/or software, including, without limitation, a license to use the licensed program from FRANCHISOR, or FRANCHISOR's designee, under a separate Agreement. FRANCHISOR's development and/or modification of such specifications for the components of the computer system may require FRANCHISEE to incur costs to purchase, lease and/or license new or modified computer hardware and/or software, and to obtain service and support for the computer system during the term ofthis Agreement. Within one hundred twenty (120) days after FRANCHISEE receives notice from the FRANCHISOR, FRANCHISEE shall obtain the components of the computer system which FRANCHISOR designates and requires, provided, that FRANCHISOR shall not require FRANCHISEE to upgrade the computer system in the event FRANCHISEE has expended the sum ofat least Ten thousand Dollars ($10,000.00) to computerize or upgrade the computer equipment during the previous five (5) years. FRANCHISEE shall install and use the computer system at the RESTAURANT, when use of the computer system is available, and transmit information to FRANCHISOR through use of the computer system. FRANCHISEE, at FRANCHISEE's own expense, shall establish and maintain, at the RESTAURANT, a telephone modem and line, or broadband connection, which FRANCHISOR may use to access the computer system. Each transaction of the RESTAURANT shall be processed on the computer system in the manner prescribed by FRANCHISOR. FRANCHISOR shall have at all times, the right to retrieve information from any data processed on the computer system with respect to the RESTAURANT, and FRANCHISEE shall take such action as may be necessary to provide such access to FRANCHISOR.

E. CREDIT CARDS AND OTHER METHODS OF PAYMENTS

FRANCHISEE must at all times have arrangements in existence with a full range of
credit and debit card issuers or sponsors, check verification services and electric fund transfer systems as FRANCHISOR designates, in FRANCHISOR's sole discretion, during the term of this Agreement, in order that the RESTAURANT may accept customers' credit and debit cards, checks and other methods of payment. FRANCHISEE may use only such methods of payment which FRANCHISOR authorizes or appro\ es. in writing.

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A. CONDITION. APPEARANCE AND REBUILDIN G OF RESTAURANT

FRANCHISEE agrees to maintain the RESTAURANT's condition and appearance
consistent with the image of a ROCKY ROCOCO RESTAURANT as an attractive, clean and efficiently operated restaurant offering a variety ofhigh quality food products and beverages, efficient and courteous service and pleasant ambience. FRANCHISEE agrees to effect such maintenance of the RESTAURANT and such modifications and additions to its layout, decor and general them as FRANCHISOR requires to maintain its condition, appearance, efficient operation, ambience and overall image, including, without limitation, replacement of worn out or obsolete fixtures, equipment, fumiture, carpeting, signs and utensils, repair ofthe interior and exterior and appurtenant parking areas and periodic cleaning and redecorating. Ifat any time, in FRANCHISOR's reasonable judgment, the general state of repair, appearance or cleanliness of the Premises (including parking areas), or its fixtures, equipment, fumiture, carpeting, signs or utensils, does not meet FRANCHISOR's standards, FRANCHISOR so shall notifl FRANCHISEE and specifu the action that FRANCHISEE must take to correct such deficiency. If FRANCHISEE fails or refuses, within ten (10) days after receiving such notice, to initiate and thereafter continue in good faith and with due diligence a bona fide program to complete such required maintenance, FRANCHISOR shall have the right (in addition to FRANCHISOR's rights under Paragraph XV hereof), bu1 not the obligation, to enter upon the Premises and effect such maintenance on behalfof, and at the expense of, FRANCHISEE.

FRANCHISEE shall upgrade and/or remodel the RESTAURANT at least once during the
term of this Agreement pursuant to plans and specifications provided by FRANCHISOR, provided, however, that FRANCHISOR shalt not require such upgrading or remodeling during the last four (4) years ofthe initial franchise term or during the last four (4) years ofany renewal term. FRANCHISOR's representatives shall be allowed to supervise any construction, repair or refixturing in connection with such upgrading or remodeling.

If the RESTAURANT is damaged or destroyed by fire or other casualty, FRANCHISEE
shall within thirfy (30) days thereofinitiate (and continue until completion) alI repairs or
reconstruction to restore the Premises to their original condition. Il in FRANCHISOR's reasonable judgment, the damage or destruction is ofsuch a nature that it is feasible for FRANCHISEE, without incurring substantial additional costs, to repair or reconstruct the Premises in accordance with the then standard ROCKY ROCOCO RESTAURANTS decor specifications. FRANCHISOR may require FRANCHISEE to repair or reconstruct the Premiscs in accordance with those decor specifications.

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X. STANDARDS OF QUALITY

B. ALTERATIONS TO THE R,ESTAURANT

FRANCHISEE shall make no alterations of the Premises, nor any unapproved
replacements or alterations of fixtures, equipment. fumiture, carpeting, or signs, without FRANCHISOR's prior written approval. FRANCHISOR shall have the right, in FRANCHISOR's sole discretion, and at FRANCHISEE's sole expense, to rectify any alterations not previously approved by FRANCHISOR.

Presentation ofa uniform image to the public is an essential element ofa successlul
franchise system. FRANCHISEE therefore agrees that the RESTAURANT will offer for sale such food, beverage and other products and services that FRANCHISOR determines to be appropriate for ROCKY ROCOCO RESTAURANTS. FRANCHISEE turther agrees to participate in systemwide food and beverage promotions from time to time as directed by FRANCHISOR. FRANCHISEE further agrees that the RESTAURANT will not, without FRANCHISOR's prior written approval, offer any products or services not then authorized by FRANCHISOR for ROCKY ROCOCO RESTAURANTS nor be used for any purpose other than the operation of a ROCKY ROCOCO RESTAURANT in compliance with this Agreement.

FRANCHISOR shall have the right to inspect the store to enhance uniformity and quality control. FRANCHISOR's personnel shall have the right to enter the store, at any reasonable time, for the purpose of examination, conferences with FRANCHISEE or FRANCHISEE's employees, inspection of the operation and products sold in the RESTAURANT, auditing, and all other purposes in connection with the determination that the RESTAURANT is being operated in accordance with the terms of this Agreement and FRANCHISOR's Operations Manual. FRANCHISEE agrees to remedy any defects, deficiencies, or unsatisfactory conditions discovered at the store by FRANCHISOR's personnel immediately upon being advised of such deficiencies.

D. FOOD PRODUCTS. BEVERAGT:S SUPPI,IES AND MATERIALS

The reputation and goodwill of ROCKY ROCOCO RESTAURANTS is based upon and
can only be maintained by the sale ofdistinctive high quality products and services. FRANCHISEE therefore agrees that the RESTAURANT will:

L Use ingredients in the preparation of lood products and beverages;

2. Prepare and offer for sale food products and beverages;

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C. UNIFORM IMAGE

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3. Use plates, cups, utensils, uniforms, menus, forms, packaging materials, labels
and other supplies; and

4. Use or offer for sale other products and services

that conform to FRANCHISOR's specifications and quality standards and/or are purchased from suppliers approved by FRANCHISOR (which may include FRANCHISOR and/or FRANCHISOR's affiliates). FRANCHISOR may modifu the list of approved brands and/or suppliers, and FRANCHISEE shall not, having been notified ofsuch modification, reorder any brand or from any supplier which is no longer approved. If FRANCHISEE proposes to use any brand and/or supplier which is not then approved, FRANCHISEE shall first notifu FRANCHISOR and submit sufficient information, specifications and samples concerning such brand and/or supplier for FRANCHISOR to determine whether such brand complies with FRANCHISOR's specifications and standards and/or such supplier meets FRANCHISOR's approved supplier criteria. FRANCHISOR shall have the right to charge FRANCHISEE a reasonable fee to cover the costs FRANCHISOR incurs in making such determination and will notift FRANCHISEE of FRANCHISOR's decision within a reasonable time. FRANCHISOR may prescribe procedures for the submission ofrequests for approved brands or suppliers and obligations which approved suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). FRANCHISOR may impose limits on the number of suppliers and/or brands for any of the foregoing items.

In order to maintain a uniform image to the public and to maximize quantity discounts, FRANCHISOR shall have the right to designate a soft drink supplier and may require FRANCHISEE to use the designated brand.

FRANCHISEE shall at all times maintain an inventory of approved food products,
beverages, ingredients and other products sulficient in quantity and variety to realize the RESTAURANT's full potential.

FRANCHISOR may conduct market research and testing to determine consumer trends
and the saleability ofnew food products and services. FRANCHISEE agrees to cooperate by parlicipating in FRANCHISOR's market research programs, test marketing new food products and services in the RESTAURANT and providing FRANCHISOR with timely repofis and other relevant iniormation regarding such market research. In connection with any such test marketing, FRANCHISEE shall purchase a reasonable quantity of and make a reasonable efforl to sell such tested products.

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FRANCHISEE acknowledges and agrees that each and every detail ofthe appearance
and operation of the RESTAURANT is important to FRANCHISOR and other ROCKY ROCOCO RESTAURANTS. FRANCHISOR shall endeavor to maintain high standards of quality and service at alt ROCKY ROCOCO RESTAURANTS. To this end, FRANCHISEE agrees to cooperate with FRANCHISOR in maintaining such high standards in the RESTAURANT and to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to FRANCHISEE) relating to the appearance or operation of a ROCKY ROCOCO RESTAURANT, including, without limitation:

i . Type, quality, taste, weight and dimensions, ingredients, uniformity, manner of
preparation and sale ofall food products and beverages sold by the RESTAUI{ANT and
all other products used in the packaging and sale thereof;

2. Hours and days during which the RESTAURANT will be open for business;

3. Manner ofand limitations on delivery of food products and beverages outside
the Premises;

4. Safety, maintenance, cleanliness, sanitation, function and appearance of the Premises and its fixtures, equipment, fumiturc, decor and signs;

5. Qualifications, dress, general appearance and demeanor of RESTAURANT employees;

6. l]se of tl.re Marks:

7. Use and retention of standard forms:

8. Identification of FRANCHISEE as the owner of the RESTAURAN'r;

9. Advertising and Promotion; and

10. Gift certificates and gift cards

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E. SPECIFICATIONS. STANDARDS AND PROCEDURES

FRANCHISEE shall secure and maintain in force all required licenses, permits and
certiflcates relating to the RESTAURANT's operation and operate the RESTAURANT in full compliance with all applicable laws, ordinances and regulations.

FRANCHISEE shall at all times give prompt, courteous and efficient servicc to FRANCHISEE's customers. The RESTAURANT shalt in all dealings with customers, suppliers and the public adhere to the highest standards ol'honesty, integrity, fair dealing and ethical
conduct.

FRANCHISEE agrees that FRANCHISEE will not take or fail to take any action which
may cause the RESTAURANT's licenses or permits to serve alcoholic beverages to be revoked, suspended or restricted, and FRANCHISEE shall be solely responsible for complying with all applicable laws, regulations, ordinances and standards pertaining thereto. FRANCHISEE shall immediately notifr FRANCHISOR of steps taken or threatened by the issuing authority to revoke, suspend or restrict any such licenses or permits.

FRANCHISEE shall notify FRANCHISOR in writing within five (5) days after the commencement ofany action, suit, proceeding or investigation, or the issuance ofany order, writ, injunction, award or decree by any court, agency or other governmental instrumentality, which may adversely affect FRANCHISEE's or the RESTAURANT's operation or financial condition.

All advertising and promotion by FRANCHISEE shall be completely factual and
conform to the highest standards of ethical advertising. FRANCHISEE agrees to refrain from any business or adverlising practice which may injure FRANCHISOR's business and the goodwill associated with the Marks and other ROCKY ROCOCO RESTAURANTS.

G. MANAGEMENT OF THE RESTAURAN]TCONFLICTING INTERESTS

The RESTAURANT shall at all times be under the direct, on-premises supervision of a Manager, or Assistant Manager, who shall devote 1'u[1 time, energy and best efforts, to the management and operation ofthe business licensed hereunder and to maintain any and all applicabte, state, local or other registrations or licenses. The person who shalI be responsible lor the RESTAURANT's day-to-day supervision shall not engage directly or indirectly in any business or other activity requiring substantia[management responsibility or time commitments or which otherwise may conflict with FRANCHISEE's obligations hereunder.

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F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

H. FRANCHISOR'S RIGHT TO INSPECT THE RESTAURANT

To determine whether FRANCHISEE and the RESTAURANT are complying with this Agreement and FRANCHISOR's mandatory standards, specifications and operating procedures, FRANCHISOR, or FRANCHISOR's designated agents, shall have the right at any reasonable time and without prior notice to FRANCHISEE to:

l. Inspecr the RESTAURANT;

2. Observe, photograph and videotape the site, Premises and operations ofthe RESTAURANT for such consecutive or intermittent periods as FRANCHISOR deems necessary;

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analysis;

Remove samples olany food products, materials or supplies for testing and

4. Interview personnel of the RESTAURANT;

5. Interview customers of the RESTAURANTI and

6. Inspect and copy any books, records and documents relating to the
RESTAURANT's operation.

FRANCHISEE agrees to cooperate fully with FRANCHISOR in connection with any such inspections, observations, photographing, videotaping, producl removal and interviews. FRANCHISEE shall present to FRANCHISEE's customers such evaluation forms as FRANCHISOR periodically prescribes and panicipate and/or request FRANCHISEE's customers to participate in any surveys performed by or on behalf of FRANCHISOR. FRANCHISEE agrees to remedy any defects, deficiencies, or unsatisfactory conditions discovered at the store by FRANCHISOR's personnel immediately upon being advised of such deficiencies.

FRANCHISEE shall at all times during the term of this Agreement maintain in force at FRANCHISEE's sole expense comprehensive public liability insurance, alcoholic beverages liability ("dram shop") insurance, product liability insurance and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with FRANCHISEE's conduct of business pursuant to this Agreement. Such insurance coverage shall be maintained under policies of insurance containing such minimum liability protection as FRANCHISOR may specify in the Operations Manual.

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I. INSURANCE

FRANCHISEE shall carry property insurance to keep the Premises and its contents insured against loss or damage by fire and such other risks covered in the Standard Extended Coverage Endorsement in an amount not less than One hundred percent (100%) ofthe full replacement cost of such assets.

All liability insurance policies shall name FRANCHISOR as an additional insured,
contain a waiver of the insurance company's right of subrogation against FRANCHISOR and provide that FRANCHISOR will receive thirty (30) days'prior written notice of the termination, expiration or cancellation of any such policy.

FRANCHISOR may reasonably increase the minimum liability protection requirement annually and require at any time on reasonable prior notice to FRANCHISEE different or additional kinds of insuranca to reflect inflation, changes in standards of liability, higher damage awards in public, product, motor vehicle or dram shop liability litigation or other relevant changes in circumstances.

A certificate of insurance shall be submitted by FRANCHISEE for FRANCHISOR
approval within thirty (30) days ofthe signing of this Agreement, but in no event later than three
(3) weeks before the date on which the lranchise first opens for business. FRANCHISEE shall submit to FRANCHISOR annually a copy of the certificate or other material evidencing the renewal or extension ol each insurance policy. If FRANCHISEE at any time fails or refuses to maintain in effect any insurance coverage FRANCHISOR requires or to furnish satisfactory evidence thereof, FRANCHISOR may at FRANCHISOR's option and in addition to any of FRANCHISOR's rights and remedies obtain such insurance coverage on FRANCHISEE's behalf. FRANCHISEE shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay FRANCHISOR on demand any costs and premiums FRANCHISOR incurs.

FRANCHISEE's obligation to obtain and maintain the insurance described herein shall
not be limited in any way by reason of any insurance which FRANCHISOR maintains, nor shall FRANCHISEE's performance of such obligations relieve FRANCHISEE of any obligations under Paragraph XIII. of this Agreement. Nothing contained herein shall be construed or considered an undertaking or representation by FRANCHISOR that such insurance required to be obtained by FRANCHISEE, or by FRANCHISOR for FRANCHISEE, will insure FRANCHISEE against any and all insurable risk ofloss which may or can arise out ofor in connection with the operation of the RESTAURANT.

No vending machines, newspaper raoks, jukeboxes, gum or candy machines, games,
pinball machines, video games, rides or other mechanical devices (except for pay telephones)

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J. VENDING MACHINES

shall be installed or operated at the RESTAURANT without FRANCHISOR's prior written approval. Such approval may be conditioned upon the payment ofa royalty on the revenues generated by such devices.

In the event FRANCHISEE offers gift certificates or gift cards for sale, gift certificates
shall be purchased through FRANCHISOR and accounted for by FRANCHISOR in a system-wide manner. FRANCHISEE may not produce for sale FRANCHISEE's onn gift certificates or gift cards.

FRANCHISEE recognizes and agrees that FRANCHISOR may change or modifu the
System presently identified by the Marks including the adoption and use ofnew or moditled trade names, trademarks, service marks or copyrighted materials, new products, new services or new techniques, and that FRANCHISEE will accept, use and provide to the public for the purpose ofthis Agreement any such changes in System, including new or modified trade names, trademarks, service marks or copyrighted materials, new products, new services or new techniques, as if they were part ofthis Agreement at the time ofexecution hereof. FRANCHISEE shall make such expenditures as such changes or modifications in the System are reasonably called for by FRANCHISOR. FRANCHISEE shall not change, modifr or alter in any way the System. FRANCHISOR will provide FRANCHISEE with reasonable notice of any modification to be made in the RESTAURANT.

FRANCHISEE agrees to pay FRANCHISOR a weekly fee (hereinafter "Royalty and
Service Fee") in the amount of Five percent (5%) of the RESTAURANT's Gross Sales, unless the RESTAURANT fails to meet certain sales volume levels as outlined below, payable on or before the Friday following the end of the preceding week. Each week shall be deemed to end at the close of business on Monday.

In the event the RESTAURANT does not achieve sales volume ofat least Four hundred

twenty five thousand Dollars ($425,000.00) in a fiscal year, which consists ofthirteen (l3), four
(4) week periods during a calendar year, or Four hundred thirry three thousand one hundred seventy three Dollars ($433,173.00) during a fifty-three (53) week fiscal year, which consists of twelve (12), four (4) week periods and one (l), five (5) week period during a calendar year, the weekty Royalty and Service Fee for that RESTAURANT shall be retroactively reduced for that

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K. GIFT CERTIFICATES AND GIFT CARDS

XI. MODIFICATION OF TI.IE SYSTEM

XII, FEI]S

A. ROYALTY AND SERVICE FEE

fiscal year to Three and one-half percent (3 l/2%). FRANCHISOR shall refund the excess to FRANCHISEE within thirty (30) days ofthe end ofthe fiscal year. In order to receive a refund, the FRANCHISEE must be current on all Royalty and Service Fees due FRANCHISOR, and any other accounts payable due FRANCHISOR, or one of FRANCHISOR'S affiliates.

As used in this Agreement, the term "Gross Sales" shall mean the aggregate amount of all
sales offood, beverages, goods, articles and any other merchandise or services (including service charges in lieu of gratuity) made and rendered in connection with the RESTAURANT, including sales made at or away from the RESTAURANT, whether for cash or credit, but excluding all federal, state or municipal sales or service taxes paid by FRANCHISEE.

Required payments or reports not actually received by FRANCHISOR during regular
business hours on the due date (or postmarked by postal authorities at least two (2) days prior thereto) shall be deemed delinquent. All Royalty and Service Fees, advertising contributions, amounts due for purchases by FRANCHISEE from FRANCHISOR or FRANCHISOR's affiliates and other amounts which FRANCHISEE owes FRANCHISOR, or FRANCHISOR's affiliates, shall bear interest after their due date at the highest applicable legal rate for open account business credit, not to exceed One and one-halfpercenl (1 112%o) per month. FRANCHISEE acknowledges that this Paragraph shalI not constitute FRANCHISOR's or FRANCHISOR's affiliates' agreement to accept such payments after they are due or a commitment by FRANCHISOR, or FRANCHISOR's affi[iates, to extend credit to or otherwise finance FRANCHISEE's operation of the RESTAURANT. Further, FRANCHISEE acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Paragraph XV.C. hereof, notwithstanding the provisions ol this Paragraph.

Notwithstanding any designation by FRANCHISEE, FRANCHISOR shall have sole
discretion to apply any payments by FRANCHISEE to any of FRANCHISEE's past due indebtedness for Royalty and Service Fees, advertising fund contributions, local advertising fund contributions purchases from FRANCHISOR or FRANCHISOR's affiliates, interesl or any other indebtedness.

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B. DEFINITION OF "GROSS SALES"

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D. APPLICATION OF PAYMENTS

E, ELECI'RONIC FUNDS TRANSFER

FRANCHISOR reserves the right to require FRANCHISEE to remit Royalty and Service
Fees, advertising fund contributions, local advertising fund contributions, and any other amounts due to FRANCHISOR hereunder via electronic funds transfer or other similar means. If FRANCHISOR notifies FRANCHISEE to use such payment method, FRANCHISEE agrees to comply with procedures specified by FRANCHISOR in this Paragraph and the Operations Manual, and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment by the method described in this Paragraph. On or before the Wednesday following the end of the preceding week, FRANCHISEE shall report to FRANCHISOR by telephone or electronic means the true and correct gross sales ofthe FRANCHISEE for the immediately preceding week. FRANCHISEE shall give FRANCHISOR authorization, in the form prescribed by FRANCHISOR, for direct debits from FRANCHISEE's business bank operating account. FRANCHISEE shall authorize FRANCHISOR to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty and Service Fees, advertising fund contributions, local advertising fund contributions, and any other amounts payable under this Agreement and any interest charges due thereon. FRANCHISEE shall make the funds available to FRANCHISOR for withdrawal by electronic transfer no later than the Friday following the end of the preceding week. The amount actually transferred from FRANCHISEE's accounts shall be based upon the gross sales indicated by

computer or on FRANCHISEE's reports to FRANCHISOR as required hereunder. If FRANCHISEE has not reported the gross sales to FRANCHISOR for any reporting period as required above, then FRANCHISOR shall be authorized to debit FRANCHISEE's account in an amount equal to the fees transferred from FRANCHISEE's account for the last reporting period for which a report of gross sales was provided to FRANCHISOR. At FRANCHISOR's option, FRANCHISEE agrees that FRANCHISOR may base the amount of such debit information retrieved from FRANCHISEE's computer system, if any. If, at any time, FRANCHISOR determines that FRANCHISEE has under-reported the gross sales, or underpaid Royalty and Service Fees, advertising fund contributions, local advertising fund contributions, or other amounts due hereunder, FRANCHISOR shall be authorized to initiate immediately a debit to FRANCHISEE's account in the appropriate amount in accordance with the foregoing procedure, plus interest as provided for in this Agreement. Any overpayment shall be credited to FRANCHISEE's account through a credit effective as ofthe first reporting date after FRANCHISEE and FRANCHISOR determine that such credit is due.

FRANCHISEE will, at all times, indemnif, and hold harmless, to the fullest extent
permitted by law, FRANCHISOR, its parent corporation, its subsidiaries, its corporate affiliales, successors and assigns, and their respective Directors, officers, employees, agents and representatives ofeach hereinafter collectively referred to as "indemnities" from all "losses and

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XIII. INDEMNIFICATION

expensesrr (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out ofor is based upon any ofthe following:

1 . FRANCHISEE's infringement, alleged infringement, or any other violation or
alleged violation ofany patent, mark or copyright or any other proprietary right owned or controlled by third parties;

2. FRANCHISEE's violation, breach or asserted violation or breach olany
contract, federal, state or local law, regulation, ruling, standard or directive or ofany
industry standard;

3. Libel, slander or any other form of defamation, by FRANCHISEE;

4. FRANCHISEE's violation or breach of any wananty, representation,
agreement or obligation in this Agreement;

5. Acts, errors or omissions of FRANCHISEE or any of FRANCHISEE's agents, servants, employees, contractors, partners, affiliates or representatives;

6. FRANCHISEE's dealings with prospective, existing or former franchiseesl

7. Latent or other defects in the franchised business. whether or not discoverable
by FRANCHISOR or FRANCHISEE;

8. The inaccuracy, lack of authenticity or non-disclosure ofany information by
any customer of the RESTAURANT or visitor to or guest of the RESTAURANT;

9. Any service provided by FRANCHISEE at, from or related to the operation of
the RESTAURANT;

10. Any action by any customer olthe RESTAURANT or visitor to the RESTAURANT; oT

I 1. Any damage to the property of FRANCHISEE, or FRANCHISOR, their
agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused in parl through the active or passive negligence of FRANCHISOR or any of FRANCHISOR's
agents or employees, or resulted tiom any strict liability imposed on FRANCHISOR or
any of FRANCHISOR's agents or employees.

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FRANCHISEE agrees to give FRANCHISOR notice, within three (3) days of
FRANCHISEE receiving notice, ofany such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of FRANCHISEE, FRANCHISOR may elect to assume, but under no circumstances is obligated to undertake, the defense and/or settlement ofany such action, suit, proceeding, claims, demand, inquiry or investigation. Such an undertaking by FRANCHISOR shall, in no manner or form, diminish FRANCHISEE's obligation to indemnifu FRANCHISOR and to hold FITANCHISOR harmless. FRANCHISEE agrees to respond to all claims within the time required by law, rule or regulation. FRANCHISEE shall cooperate with FRANCHISOR (or its designee) in every fashion possible to defend FRANCHISOR and FRANCHISEE against any and all claims made by employees, customers or third parties. FRANCHISEE shall, when necessary, make appearances at administrative or other hearings to present or reinforce such defenses.

In order to protect persons or property, or FRANCHISOR's reputation or goodwill, or reputation or goodwill of others, FRANCHISOR may, at any time and without notice, as FRANCHISOR, in FRANCHISOR's judgment deems appropriate, order, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to

the action, suit, proceeding, claim, demand, inquiry or investigation il in FRANCHISOR's sole judgment, there are reasonable grounds to believe that:

l. Any ofthe acts or circumstances enumerated in Paragraph XIII. have occurred;
or

2. Any act, error, or omission of FRANCFIISEE may result directly or indirectly
in damage, injury or harm to any person or any property.

All losses and expenses incurred under this Paragraph XIII. shall be chargeable to and
paid by FRANCHISEE pursuant to FRANCHISEE's obligations of indemnity under this Paragraph XIII., regardless ofany actions, activity or defense undertaken by FRANCHISOR or the subsequent success or failure of such actions, activity or defense.

Indemnities do not assume any liability whatsoever for acts, errors, or omissions ofthose
with whom FRANCHISEE may contract, regardless of the purpose. FRANCHISEE shall hold

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As used in this Paragraph XIIL, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attomeys fees, court costs, settlement amounts, judgments, compensation for damages to the FRANCHISOR's reputation and goodwill, costs of or resulting lrom delays, financing, costs ofadvertising material and media time/space, and costs ofchanging, substituting or replacing the same, and any and all expenses ofrecall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

Under no circumstances shall indemnities be required or obligated to seek money from
third parties or otherwise mitigate their losses in order to maintain a claim against FRANCHISEE. FRANCHISEE agrees that the failure to pursue such recovery or mitigate losses will in no way reduce the amounts recoverable by indemnities from FRANCHISEE.

FRANCHISEE acknowledges and agrees that FRANCHISOR would be unable to protect Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ROCKY ROCOCO RESTAURANTS if franchised owners of ROCKY ROCOCO RESTAURANTS were permitted to hold interests in or perform services for a Competitive Business. The term "Competitive Business" as used in this Agreement shall mean any business operating or granting franchises or licenses to others to operate a restaurant or carry-out, delivery or other business serving or selling pizza or other products or services substantially similar to those offered by a ROCKY ROCOCO RESTAURANT. Notwithstanding the foregoing, FRANCHISEE shall not be prohibited from owning securities in a company if such securities are listed on a stock exchange or traded on the over-the-counter market and represent Five percent (5%) or tess of that class ofsecurities. FRANCHISEE therefore agrees that, during the term ofthis Agreement, or any extension thereol, neither FRANCHISEE, any of FRANCHISEE's shareholders, members, or partners, nor any member of his or their immediate families shall:

I . Have any direct or indirect interest, as a disclosed or beneficial owner, in a
Competitive Business, except ROCKY ROCOCO RESTAURANTS operated under
franchise agreements with FRANCHISOR;

2. Communicate or divulge to any other persons, partnership, limited liability
company, or corporation, except as such of its employees, agents, or contractors, as must
know for purposes of operating the RESTAURANT, any information or knowledge concerning the suppliers or methods of sales or distribution used in the RESTAURANT,
nor shall FRANCHISEE disclose or divulge, in whole or in part, any trade secrets,
proprietary information or private processes of FRANCHISOR;

3. Perform services as a director, o1ficer, manager, employee, consultant,
representative, agent or otherwise for a Competitive Business, except ROCKY ROCOCO RESTAURANTS operated under franchise agreements with FRANCHISOR;

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harmless and indemni! indemnities for all losses and expenses which may arise out ofany acts, errors or omissions of these third parties.

XIV. (]oVENANTS

A. EXCLUSIVE RELATIONSHIP

4. Recruit or hire any current employee of FRANCFIISOR or of any ROCKY ROCOCO RESTAURANT operated by FRANCHISOR, FRANCHISOR's affiliates, or another franchisee of FRANCHISOR, or otherwise directly or indirectly induce or to seek to induce such person to leave his or her employment thereat, without obtaining the prior written permission of FRANCHISOR or such franchisee; or

5. Divert or to attempt to divert any business or customer of the RESTAURANT
to any competitor, by direct or indirect inducement or otherwise, or do or perflorm,
directly or indirectly, any other act injurious or prejudicial to the goodwill associated with FRANCHISOR's Marks and the Svstem.

FRANCHISEE expressly agrees that it may conclusively be presumed that any violation
of the terms of said covenants not to compete was accomplished by and through FRANCHISEE's unla*fuI utilization of FRANCHISOR's Confidential Information, know how, methods and procedures. FRANCHISEE acknowledges that any violation of the terms of said covenants not to compete will cause irreparable damage to FRANCHISOR, the exact amount of which may not be subject to reasonable or accurate ascertainment, and therefor, FRANCHISEE does hereby consent that in the event ofsuch violation, FRANCHISOR shall be entitled to injunctive relielto restrain FRANCHISEE, or anyone acting for or on FRANCHISEE's behalf, from violating said covenants, or any of them. Such remedies, however, shall be cumulative and in addition to any other remedies to which FRANCHISOR may then be entitled. FRANCHISEE represents and acknowledges that in the event ofthe termination of this Agreement for whatever cause, FRANCHISEE's experience and capabilities are such that FRANCHISEE can obtain employment in business engaged in other lines or of a different nature than that ofthe operation of a restaurant, and that the enforcement ola remedy by way ofinjunction will not prevent FRANCHISEE from earning a livelihood. In the event FRANCHISOR brings suit to enforce any provision hereof, FRANCHISOR shall be entitled to receive, in addition to any reliefor remedy granted, the cost ofbringing such suit, including reasonable attomey's fees.

B. APPROPRIATION OF SYSTEM

FRANCHISEE covenants that FRANCHISEE shall not appropriate, use, or duplicate the FRANCHISOR's system, or any portion thereof, for use at any other business serving or selling pizza or other products or services substantially similar to those offered by a ROCKY ROCOCO RESTAI]RANT.

The parties agree that the foregoing covenants shall be construed as severable and
independent ofany other covenant or provision ofthis Agreement and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial retbrmation

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C. INTERPRETATION

ofthese covenants consistent with this interpretation shall be enforceable as though contained herein and shall not affect any other provisions or terms of this Agreement. If all or any portion ofa covenant in this Paragraph XIV. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which FRANCHISOR is a party, FRANCHISEE expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph.

D. SCOPEOFCOVENANT

For purposes ofconstruing the covenants contained in this Paragraph XIV.,
"FRANCHISEE" shall be deemed to include not only the individuals or entity which is defined as FRANCHISEE in the introductory paragraph of this Agreement, but if FRANCHISEE is an individual, shall also include his spouse, his children, his grandchildren, or his parents; if FRANCHISEE is a joint venture, limited liability company, or partnership, the foregoing restrictions shatl apply to each partner, member, or venturer who, individually or collectively, through himself, his spouse, his children, his grandchildren. or his parents, owns a five percent

(5%) or greater interest in such joint venture, limited liability company, or partnership; or if FRANCHISEE is a corporation, the loregoing restrictions shatl apply to officers, directors, and to each shareholder, who individuatly or collectively, through himself, his spouse, his children, his grandchildren, or his parents, owns a five percent (5%) or greater interest in the outstanding capital stock olsuch corporation. By their signatures hereto, all partners, members, shareholders, officers and directors ofthe entity which signed this Agreement as FRANCHISEE acknowledges and accepts the duties and obligations imposed upon each and every one of them, individually, by the terms of this Paragraph. FRANCHISOR shall have the right to require all of FRANCHISEE's personnel to execute similar covenants in a form satisfactory to FRANCHISOR. The covenants set foth in this Paragraph XIV., shall survive the termination or expiration of this Agreement. FRANCHISEE acknowledges that the covenant nol to compete set forth in this Paragraph XIV., is fair and reasonable, and will not impose any undue hardship on FRANCHISEE, since FRANCHISEE has other considerable skills, experience and education which afford FRANCHISEE the oppo(unity to derive income from other endeavors.

E. REDUCTION OF SCOPE OF- COVENANT

FRANCHISEE understands and acknowledges that FRANCHISOR shall have the right,
in FRANCHISOR's sole discretion, to reduce the scope ofany covenant set forth in Paragraph XIV. of this Agreement, or any portion thereof, without FRANCHISEE's consent, effective immediately upon receipt by FRANCHISEE of written notice thereof, and FRANCHISEE agrees that FRANCHISEE shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding any other provisions of this Agreement.

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FRANCHISEE shall be deemed to be in default under this Agreement and all rights
granted to FRANCHISEE hereunder shalI thereupon terminate, effective upon delivery ofnotice of termination to FRANCHISEE where the grounds for such termination are:

I . FRANCHISEE is adjudicated a bankrupt or insolvent;

2. FRANCHISEE makes an assignment for the benefit of creditors or a similar
disposition of the assets of the RESTAURANT;

3. FRANCHISEE voluntarily abandons or fails to actively operate the
RESTAURANT for three (3) days, unless the RESTAURANT has been closed for a
purpose approved by FRANCHISOR or because of fire, flood or other casualty or government order;

4. FRANCI IISEE 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;

5. FRANCHISEE surrenders or transfers control of the RESTAURANT's
operation without FRANCHISOR's prior written consent;

6. FRANCHISEE has made any material misrepresentation or omission in FRANCHISEE's application for the Franchise;

7. FRANCHISEE loses the right to possession of the Premises;

8. FRANCHISEE makes an unauthorized assignment of this Agreement. an ownership interest in FRANCHISEE or the RESTAURANT or fails to assign this Agreement or the interest in FRANCHISEE of a deceased or disable principal owner thereof as herein required;

9. FRANCHISEE makes any unauthorized use or disclosure ofany Confidential Information or uses, duplicates or discloses any portion ofthe Operations Manual in
violation of this Agreement;

10. FRANCHISEE fails or refuses to comply with FRANCHISOR's mandatory standards, specifications and operating procedures relating to the cleanliness or sanitation

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XV. TERMINATION AND DEFAULTS

A. TERMINA'IION WITHOUT RIGHT TO CURE

of the RESTAURANT or violates any health, safety or sanitation law, ordinance or regulation and does not correct such noncompliance within seventy-two (72) hours after written notice thereof is delivered to FRANCHISEE;

I I . FRANCHISEE intentionally understates the RESTAURANT's Gross Sales in
any report or financial statement;

13, FRANCHISEE fails on three (3) or more separate occasions within any
period of twelve (l2) consecutive months or on five (5) occasions during the term of this Agreement to submit when due repofts or other data, information or supporting records or to pay when due the Royalty and Service Fees, Fund contributions or other payments due to FRANCHISOR or its affiliates or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to FRANCHISEE;

14. lf FRANCHISEE submits to FRANCHISOR on two (2) or more separate
occasions at any time during the term ofthe franchise, any reports or other data, information or suppo(ing records which understate by more than one percent (l%) the
Royalty and Service Fees for any period and FRANCHISEE is unable to demonstrate that
such understatements resulted from inadvertent eror; or

I 5. FRANCHISEE repeatedly fails to comply with the lawful provisions of this
Agreement or other Agreement.

Except as provided in Paragraph XV.A., if FRANCHISEE shalt be in default under the
terms of this Agreement FRANCHISOR, at FRANCHISOR's option, may terminate this Agreement by giving the FRANCHISEE ninety (90) days'written notice oitermination. If such default shall not be cured within sixty (60) days after receipt of written notice of termination thereof from FRANCHISOR, in addition to all other remedies, law or in equity, the

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12. FRANCHISEE fails to comply with any other provision of this Agreement or
any of FRANCHISOR's mandatory standards, specifications or operating procedures and
does not correct such failure within thirty (30) days after written notice ofsuch failure to comply is delivered to FRANCHISEE or provide proof acceptable to FRANCHISOR of efforts which are reasonably calculated to correct such failure within a reasonable time, which shall in no event be more than sixty (60) days after such notice, ifsuch failure cannot reasonably be corrected within thirty (30) days after written notice ofsuch failure to comply is delivered to FRANCHISEE;

B. TERMINATION WITH RIGFIT TO CURE

FRANCHISEE's rights under this Agreement are terminated. FRANCHISEE shall be in default and the following shall constitute good cause under this Agreement:

I . If FRANCHISEE fails to submit reports or financial data which
FRANCHISOR requires under this Agreement;

2. If a petition in bankruptcy is filed by FRANCHISEE or such a petition is filed
against FRANCHISEE, or a receiver is appointed, or if a bill in equity or other
proceeding for the appointment ofa receiver ofFRANCHISEE or other custodian lor the FRANCHISEE's business or assets is filed, or a receiver or other custodian is appointed, or ifproceedings for composition with creditors under any state or federal law shall be instituted by or against FRANCHISEE;

3. If the real or personal property of the FRANCHISEE shall be attached or
levied upon by any sheriff, marshal, or constable;

4. If FRANCHISEE commits any act which materially impairs the goodwill associated with the FRANCHISOR's trademark, tradename, service mark, logotype or other commercial symbol;

5. If FRANCHISEE fails to comply with any of the requirements imposed upon
it by this Agreement, the Operations Manual, or other such operational memoranda issued by FRANCHISOR, or uses bad faith in carrying out the terms of the franchise;

6. lf FRANCHISEE fails to decorate and equip the premises as provided in this Agreement;

7. If FRANCHISEE defaults on the lease of the RESTAURANT;

9. If the lease or sub-lease for the RESTAURANT is terminated or cancelled and FRANCHISEE is unable to renew or extend the lease or sub-lease or FRANCHISEE fails
to maintain possession of the RESTAURANT location unless permitted to relocate by the FRANCHISOR;

10. If FRANCHISEE fails to obtain or maintain insurance as required by this Agreement and FRANCHISEE does not correct this failure within forty-eight (48) hours
after written notice;

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8. IIFRANCHISEE sells, leases, sub-leases or transfers any interest ofthe lease
for the RESTAURANT without FRANCHISOR's prior written consent;

11. If FRANCHISEE fails to operate the RESI'AUI{AN'| on the days and hours specified or approved in writing by FRANCHISOR;

12. If FRANCHISEE breaches or fails to perform any obligation under any
agreement between FRANCHISOR and FRANCHISEE;

13. If FRANCHISEE fails to promptly pay when due and fails to maintain FRANCHISEE's trade accounts in a current status. For purposes ofthis paragraph. current status shall be deemed to be within sixty (60) days ofthe due date; or

14. If FRANCHISEE fails to pay any Federal or State income, service, sales or
other taxes due on the RESTAURANT's operations, unless FRANCHISEE is in good
faith contesting FRANCHISEE's liability for such taxes.

C. FAILURE TO PAY FEES

If FRANCHISEE fails to report accurately the RESTAURANT's gross sales or fails,
refuses, or neglects to pay FRANCHISOR (or its parent, or the subsidiaries, affiliates or designees of such entity) any monies owing to FRANCHISOR (or its parent, or the subsidiaries, affiliates or designees of such entity) on date due, the FRANCHISOR, at FRANCHISOR's option, may terminate this Agreement by giving the FRANCHISEE ten (l0) days written notice of termination for non-payment of sums due under this Agreement. Ifsuch default shall not be cured within ten (10) days after receipt of written notice of termination from FRANCHISOR for non-payment of sums due under this Agreement, in addition to all other remedies, law or in equity, the FRANCHISEE's rights under this Agreement are terminated.

D. OTHERMATTERS

For purposes of this Section, receipt ofnotice is defined in Paragraph XXIII.

The foregoing notwithstanding, to the extent that the provisions ofthis Franchise
Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable [aw, not be effective, and FRANCHISOR shall comply with applicable law in connection with each of these
matters.

Termination shall not relieve FRANCHISEE of any obligation to FRANCHISOR that
shall have matured under or survived this Agreement or under any other written agreement of the parties.

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XVI. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR AND OTHERS

FRANCHISEE shall, within fifteen (15) days after the effective date of termination or expiration of this Agreement, pay FRANCHISOR (or its parent, or the subsidiaries, affiliates or designees of such entity) all sums owing from FRANCHISEE to FRANCHISOR under the terms of this Agreement. Said sums shall include Royalty and Service Fees, Fund contributions. amounts owed for purchases by FRANCHISEE from FRANCHISOR's affiliates, interest due on any ofthe foregoing, all damages, costs and expenses, including reasonable attorneys'fees, incurred by FRANCHISOR by reason of default on the part of FRANCHISEE, whether or not such occur prior to or subsequent to the termination or expiration of the franchise, and said sums shall include all costs and expenses, including reasonable attomeys'fees, incurred by FRANCHISOR in obtaining injunctive or other reliefto enforce the provisions of this contract.

FRANCHISEE shall promptly pay all sums due and owing to any lessor, employees,
taxing authorities, advertising agencies and all other third parties.

B. MARKS

FRANCHISEE agrees that, upon terminalion or expiration of this Agreement:

l. FRANCHISEE shall immediately thereafter cease to use, by advertising or in
any manner whatsoever, the name "ROCKY ROCOCO'or any forms, manuals, slogans, signs, marks, symbols, or devices used in connection with the operation of a ROCKY ROCOCO RESTAURANT. FRANCHISEE shall not represent or advertise that FRANCHISOR or FRANCHISEE were Ibrmerly parties to this Franchise Agreement or that FRANCHISEE did business under the trademarks, servicemarks, or tradenames of FRANCHISOR;

2. FRANCHISEE shall not thereafter use, in any manner, or for any purpose,
directly or indirectly, any of FRANCHISOR's Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by FRANCFIISEE by virtue of the relationship established by this Agreement, including FRANCHISOR's services, programs and products; specilications or descriptions of FRANCHISOR's services and products; lists of customers and lists ofemployees and independent
contractors; any and all ofthe systems, procedures, techniques. criteria. concepts.
designs, advertising and promotion techniques and products/service techniques; and all
other components, specifications and standards which comprise part of FRANCHISOR's system;

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3. FRANCHISEE shall return to FRANCHISOR all signs, sign faces, sign
cabinets, advertising materials, forms, invoices and other materials containing any Mark or otherwise identiffing or relating to a ROCKY ROCOCO RESTAURANT and allow FRANCHISOR, without liability, to remove all such items from the RESTAURANT;

4. FRANCHISEE shall take such action as shall be necessary to change FRANCHISEE's sole proprietorship/corporate/limited liability company/partnership name or cancel any assumed name or equivalent registration which contains the name "ROCKY ROCOCO' or any other mark of FRANCHISOR. FRANCI{ISEE shall furnish FRANCHISOR evidence satisfactory to FRANCHISOR of compliance with this obligation within thirty (30) days after said termination. If FRANCHISEE fails or refuses to do so, FRANCHISOR may, in FRANCHISEE's name and on FRANCHISEE's behalfand, at FRANCHISEE's expense, execute any and all documents necessary to cause discontinuance of FRANCHISEE's use of the name "ROCKY ROCOCO", or any related name used hereunder, and FRANCHISOR is hereby irrevocably appointed by FRANCHISEE as FRANCHISEE's attorney-in-fact to do so;

5. FRANCHISEE shall assign to FRANCHISOR all FRANCHISEE's rights, title
and interest in and to all telephone numbers of the RESTAURANT. FRANCHISEE shall notifu the telephone company and all telephone directory publishers olthe termination or expiration of FRANCHISEE's right to use any telephone and telecopy numbers and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to FRANCHISOR or at FRANCHISOR's direction. FRANCHISEE acknowledges that, as between FRANCHISEE and FRANCHISOR, FRANCHISOR has the sole rights to and interest in all telephone and telecopy numbers and directory listings associated with any Mark. FRANCHISEE authorizes FRANCHISOR, and hereby appoints FRANCHISOR and any of FRANCHISOR's officers as FRANCHISEE's attorney in fact, to direct the telephone company and all telephone directory publishers to transfer any telephone and telecopy numbers and directory listings relating to the RESTAURANT to FRANCHISOR or at FRANCHISOR's direction, should FRANCHISEE fail or reluse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of FRANCHISOR's exclusive rights in such telephone and telecopy numbers and directory listings and FRANCHISOR's authority to direct their transfer;

6. If FRANCHISOR does not purchase the RES'|AURANT as provided in
Paragraph XVI.E., FRANCHISEE shalt make such changes to the appearance ofthe RESTAURANT as are prescribed in the Operations Manual. If FRANCHISEE fails to initiate immediately or complete such alterations within such period of time that FRANCHISOR deems appropriate, FRANCHISEE agrees that FRANCHISOR, or

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FRANCHISOR's designated agents, may either enter the premises and adjacent areas at any time, without prior notice, and forcibly, if necessary, make such alteration at FRANCHISEE's sole risk and expense. FRANCHISOR shall not be responsible for any actual or consequential damages to FRANCHISEE's properry or otherwise be liable for any trespass or other tort or criminal act;

7. FRANCHISEE, at FRANCHISOR's option, shall assign to FRANCHISOR
any interest which FRANCHISEE has in any lease, sublease, right or entry or easement for the leased premises, and vacate the leased premises promptly and completely, rendering all necessary assistance to FIiANCHISOR to enable it to take prompt possession thereof. FRANCHISOR shall not be liable for any back rent owed by the FRANCHISEE to the lessor;

8. FRANCHISEE shall retum all materials and supplies identified by the Marks
in full cases or packages to FRANCHISOR for credit and dispose of all other materials and supplies identified by the Marks within thirty (30) days after the effective date of termination or expiration of this Agreement;

9. FRANCHISEE shall immediately execute any and all agreements necessary 10 ef'fectuate such termination in a prompt and timely manner;

10. FRANCHISEE shall furnish FRANCHISOR, within thirty (30) days after the effective date of termination or expiration, with evidence satisfactory to FRANCHISOR of FRANCHISEE's compliance with the foregoing obligations;

1 1. FRANCHISEE shall immediately turn over to FRANCHISOR all manuals, including the Operations Manual, records, files, instructions, correspondence, and any and all materials relating to the operation of the RESTAURANT in FRANCHISEE's possession, and all copies thereof (all of which are acknowledged to be FRANCHISOR's propeny), and shall retain no copy or record ofany ofthe foregoing, excepting only FRANCHISEE's copy of this Agreement and ofany correspondence between the parties,
and any other documents which the FRANCHISEE reasonably needs for compliance
with any provision of law; and

12. FRANCHISEE, within thiry (30) days after the effective date of termination
or expiration, shall transfer all of FRANCHISEE's rights, title and interest in and to all websites of the RESTAURANT.

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FRANCHISEE agrees that, upon termination or expiration of this Agreement,
FRANCHISEE will immediately cease to use any Confidential Information of FRANCHISOR, and FRANCHISOR's affiliates, disclosed to FRANCHISEE pursuant to this Agreement in any business or otherwise and retum to FRANCHISOR all copies of the Operations Manual and any other confidential materials which have been loaned to FRANCHISEE by FRANCHISOR.

D. COVENANT NOT TO COMPIT'l'li

Upon termination of this Agreement by FRANCHISOR in accordance with its terms and conditions, or by FRANCHISEE without cause, or upon expiration of this Agreement (if FRANCHISOR refuses to grant or FRANCHISEE elects not to acquire a successor franchise), FRANCHISEE and FRANCHISEE's owners agree that, for a period of one (1) year (or two (2) years if the FRANCHISOR purchases the RESTAURANT as provided in Paragraph XVI.E.) commencing on the effective date of termination or expiration, or the date on which FRANCHISEE ceases to conduct business, whichever is later, that FRANCHISEE shall not have any direct or indirect interest (through a member of the immediate families of FRANCHISEE or FRANCHISEE's owners or otherwise) as disclosed or beneficial o\4ner, investor, partner, member, director, officer, manager, employee, consultant, representative or agent in any other capacity in any Competitive Business located or operating within five (5) miles of the RESTAURANT or any ROCKY ROCOCO RESTAURANT operated by FRANCHISOR, or FRANCHISOR's affiliates, or FRANCHISEES. For purposes of construing the covenants contained in this Paragraph XVI., "FRANCHISEE" shall be deemed to include not only the individuals or entity which is defined as FRANCHISEE in the introductory paragraph of this Agreement, but if FRANCHISEE is an individual, shall also include his spouse, his children, his grandchildren, or his parents; if FRANCHISEE is a joint venture, limited liability company, or partnership, the foregoing restrictions shall apply to each partner, member, or venturer who, individually or collectively, through himself, his spouse, his children, his grandchildren, or his parents, owns a five percent (5%) or greater interest in such venture, limited liability company, or partnership; or if FRANCHISEE is a corporation, the loregoing restrictions shall apply to officers, directors, and to each shareholder, who individually or collectively, through himself, his spouse, his children, his grandchildren, or his parents, owns a five percent (5%) or greater interest in the outstanding capital stock ofsuch corporation. By their signatures hereto, all partners, members, shareholders, officers and directors ofthe entity which signed this Agreement as FRANCHISEE acknowledges and accepts the duties and obligations imposed upon each and every one of them, individually, by the terms of this Paragraph. FRANCHISOR shall have the right to require all of FRANCHISEE's personnel to execute similar covenants in a form satisfactory to FRANCHISOR. The covenants set forth in this Paragraph XVI., shall survive the termination or expiration of this Agreement. FRANCHISEE acknowledges that the covenant not to compete set forth in this Paragraph XVI., is fair and reasonable, and will not impose any

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C. CONFIDENTIAL INFORMATION

undue hardship on FRANCHISEE, since FRANCHISEE has other considerable skills, experience and education which afford FRANCHISEE the opportunity to derive income from other endeavors. If the aforementioned shall be deemed unenforceable by law, then the period shall be reduced to such period as shall be legally enforceable.

No sale, assignment, transfer, conveyance, encumbrance or gift ofany interest in this Agreement or in the Franchise granted thereby shall relieve FRANCHISEE and the shareholders or partners, as applicable, participating in any transfer, ofthe obligations of the covenants contained herein, except where FRANCHISOR shall expressly authorize in writing.

Upon termination of this Agreement by FRANCHISOR in accordance with its terms and

conditions or by FRANCHISEE without cause, or upon expiration of this Agreement (if FRANCHISOR refuses to renew or if FRANCHISEE elects not to renew this Agreement), FRANCHISOR, or FRANCHISOR's assignee, shall have the option, exercisable by giving written notice thereof within sixty (60) days from the date ofsuch expiration or termination, to purchase from FRANCHISEE all the R€STAURANT's tangible assets (including, without limitation, usable inventory of food products, materials, supplies, leasehold improvements, fixtures, fumishings, equipment and signs, but excluding any unamortized portion of the initial franchise fee, cash and short-term investments) and to receive an assignment of FRANCHISEE's liquor license (if any), if assignable, and FRANCHISEE's lease or sub-lease for the Premises (or, if assignment is prohibited), a sublease for the full remaining term and on the same terms and conditions as FRANCHISEE's lease or sublease). FRANCHISOR shall have the unrestricted right to assign this option to purchase. FRANCHISOR, or FRANCHISOR's assignee, shall be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership, condition ofand title to assets, liens and encumbrances on the assets, validity of contracts and agreements and liabilities inuring to FRANCHISOR or affecting the assets, contingent or otherwise.

In the event FRANCHISOR and FRANCHISEE cannot agree on the purchase price of
the tangible assets as set forth above, the purchase price shall be determined by appraisal by a competent appraiser designated by FRANCHISOR and FRANCHISEE, provided, that if they cannot agree upon an appraiser, the two so appointed shall appoint a third appraiser, and the decision ofthe thee appraisers shall determine the fair value ofthe tangible assets.

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E. COMPANY HAS RIGTIT TO PTJRCIIASI] RESTAURANT

The purchase price shall be paid in cash at the closing ofthe purchase, which shall take
place no later than ninety (90) days after the determination ofthe purchase price, at which time FRANCHISEE shall deliver instruments transferring to FRANCHISOR, or its assignee, good and merchantable title to the assets purchased, free and clear ofall liens and encumbrances with all sales and other transfer taxes paid by FRANCHISEE, and all licenses, leases or permits ofthe

RESTAURANT which may be assigned or transferred. In the event that FRANCHISEE cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, at FRANCHISOR's or its assignee's option, the closing of the sale shall be accomplished through an escrow. Prior to closing, FRANCHISEE and FRANCHISOR or its assignee shall comply with the applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state in which the RESTAURANT is located.

If FRANCHISOR or its assignee exercises this option to purchase, pending determination
ofthe purohase price and the closing of such purchase, FRANCI{ISOR, or its assignee, may appoint a manager to maintain the operation of the RESTAURANT or, at its option, require FRANCHISEE to close the RESTAURANT during such time period without removing any assets (other than perishable food products). FRANCHISEE shall maintain in force all insurance policies required for the RESTAURANT until the date of closing.

The expiration or termination of this Agreement shall be without prejudice to the rights of FRANCHISOR against FRANCHISEE, and such expiration or termination shall not relieve FRANCHISEE of any of his obligations to FRANCHISOR existing at the time of expiration or termination, or teminate those obligations of FRANCHISEE which by their nature survive the expiration or termination of this Agreement.

FRANCHISEE recognizes that continuous and daily availability of seruice to the public
is essential to the adequate promotion of ROCKY ROCOCO and that any failure to provide such availability affects FRANCHISOR both locally and nationally. FRANCHISEE shall make itself available to provide the franchise services during the hours specified or approved in writing by FRANCHISOR, except where prohibited or otherwise regulated by governmental authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by FRANCHISOR.

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F. CONTINUING OBLIGATIONS

No right or remedy herein conferred upon or reserved to FRANCHISOR is exclusive of
any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder.

XVII. HOURS OF OPERATION

A. BYFRAN

B FRANCHISEE MAY NOT ASSIGN WI'IHOU'| APPROVAL OF FRANCHISOR

FRANCHISEE understands and acknowledges that the rights and duties created by this Agreement are personal to FRANCHISEE (or, if FRANCHISEE is a corporation or partnership, to its owners) and that FRANCHISOR has granted the Franchise to FRANCHISEE in reliance upon FRANCHISOR's perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of FRANCHISEE (or its owners). Accordingly, neither this Agreement (or any interest herein) nor any part or all ofthe ownership of FRANCHISEE or the RESTAURANT (or any interest therein) may be transfened without FRANCHISOR's prior written approval. Any transfer without such approval shall constitute a breach of this Agreement and be void and ofno effect. As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition by FRANCHISEE (or any of its owners) of any interest in:

I . This Agreement;

2. The ownership of FRANCHISEE; or

3. TheRESTAURANT.

An assignment, sale, gift or other disposition shall include the following events

I . Transfer of ownership of capital stock, membership interest, or a parlnership
interest;

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XVIII. ASSIGNMENT

This Agreement and all rights hereunder may be assigned and transfened by
FRANCHISOR and, if so, shall be binding upon and inure to the benefit of FITANCHISOR's successors and assigns. FRANCHISOR may sell FRANCHISOR's assets, Marks, or System outright to a third party; may go public; may engage in a private placement of some or all of FRANCHISOR's securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leverage buy-out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, FRANCHISEE expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss ol
association with or identification of FRANCHISOR.

2. Merger or consolidation or issuance of additional securities representing an ownership interest in FRANCHISEE;

3. Any sale of capital stock of FRANCHISEE or any security convefiible to
capital stock of FRANCHISEE;

5. Transfer of an interest in FRANCHISEE, this Agreement, or the
RISTAURANT in the event of the death of FRANCHISEE, or an owner of
FRANCHISEE by will, declaration of or transfer in trust, or under the laws of intestate
succession.

C. CONDITIONS FOR APPROVAL OF TRANSFER

If FRANCHISEE is in full compliance with this Agreement (and, if FRANCHISEE is a corporation, partnership or limited liability company, its owners are in full compliance with this Agreement), FRANCHISOR shall not unreasonably withhold its approval of a transfer that meets all the applicable requirements ofthis Paragraph. The proposed transferee and its owners must be individuals of good moral character and otherwise meet FRANCHISOR's then applicable standards for ROCKY ROCOCO RESTAURANT franchisees. A transfer of ownership in the RESTAURANT may only be made in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in FRANCHISEE, or is one ofa series oftransfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in FRANCHISEE, all of the following conditions must be met prior to or concunently with the effective date of the transfer:

1. The transferee shall have sufficient business experience, aptitude and financial
resources to operate the RESTAURANT;

2. FRANCHISEE shall have paid all Royalty and Service Fees, Fund
contributions, amounts owed for purchases by FRANCHISEE from FRANCHISOR, and FRANCHISOR's affiliates, and all other amounts owed to FRANCHISOR, or FRANCHISOR's alfiliates, and third-party creditors and shall have submitted to FRANCHISOR all required reports and statements;

3. The transferee (or its approved partner or shareholder) shall have agreed to
complete FRANCHISOR's training program to FRANCHISOR's satisfaction;

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4. Transfer of an interest in FRANCHISEE, this Agreement, or the
RESTAURANT in a divorce, insolvency, corporate or partnership dissolution proceeding
or otherwise by operation of law; or

4. The transferee shall have entered into a written assignment with
FRANCHISEE and FRANCHISOR (in a form satisfactory to FRANCHISOR) assuming alt of FRANCHISEE's obligations hereunder ;

5. FRANCHISEE, or the transferee, shall have paid FRANCHISOR a transfer fee
equal to Fifty percent (50%) of the then-current initial franchise fee charged by FRANCHISOR to defray expenses FRANCHISOR incurs in connection with the transler;

6. Except to the extent limited or prohibited by applicable law, FRANCHISEE
(and its transferring owners) shall have executed a general release, in form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR, and FRANCHISOR's affiliates, and their officers, directors, employees and agents;

7. FRANCHISOR shall have approved the material terms and conditions of such transfer, including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the RESTAURANT;

8. If FRANCHISEE finances any part of the sale price ofthe transferred interest, FRANCHISEE and/or FRANCHISEE's owners shall have agreed that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by FRANCHISEE or its owners in the assets of the RESTAURANT shall be subordinate to the transferee's obligations to pay Royalty and Service Fees, Fund contributions and other amounts due to FRANCHISOR, and FRANCI{ISOR's affiliates, and otherwise to comply with this Agreement;

9. FRANCHISEE and FRANCHISEE's owners shall have executed a
noncompetition covenant in favor ofFRANCHISOR and the transferee agreeing that, for a period of two (2) years commencing on the effective date olthe transfer, FRANCHISEE, FRANCHISEE'S owners and members of the immediate families of FRANCHISEE and each of FRANCHISEE's owners will not hold any direct or indirect interest as a disclosed or beneficial owner, investor, partner, member, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, in a Competitive Business located or operating within five (5) miles of the RESTAURANT or any ROCKY ROCOCO RESTAURANT operated by FRANCHISOR, FRANCHISOR's
affi [iates, or franchisees;

10. FRANCHISEE shatl have agreed that FRANCHISEE will not directly or
indirectly at any time or in any manner (except with respect to ROCKY ROCOCO RESTAURANTS owned and operated by FRANCHISEE) identify FRANCHISEE or
any business as a current or former ROCKY ROCOCO RESTAURANT, or as a

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franchisee, licensee or dealer of FRANCHISOR, or FRANCHISOR's affiliates, use any Mark, any colorable imitation thereolor other indicia of a ROCKY ROCOCO 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 FRANCHISOR, or FRANCHISOR's affiliates;

I L The lessor or sublessor ofthe Premises shall have consented to the
assignment or sublease ofthe Premises to the transferee or the transferee must have secured substitute premises for the RESTAURANT approved by FRANCHISOR;

12. FRANCHISEE and/or transferee shall make reasonable capital expenditures
to remodel, modemize and redecorate the franchised premises so that the franchised premises will reflect the current image intended to be portrayed by ROCKY ROCOCO facilities. All remodeling, modernization, redecoration of the franchised premises must be done in accordance with the standards and specifications prescribed by FRANCHISOR and all replacements must oonform to FRANCHISOR's then-current quality standards and specifications and must be approved by FRANCHISOR in writing;

13. FRANCHISEE must give FRANCHISOR ninety (90) days written notice
prior to any sale or assignment by FRANCHISEE. The purpose of this paragraph is to enable FRANCHISOR to comply with any applicable state or federal franchise disclosure laws. FRANCHISEE agrees to indemnify and hold FRANCHISOR harmless for FRANCHISEE's failure to comply with this Paragraph;

14. Iftransferee is a corporation

b. No new shares of common or preferred voting stock in a transferee
corporation shall be issued to any person, partnership, trust, foundation, or
corporation without obtaining FRANCHISOR's prior written consent;

15. Transferee and all owners, officers and directors oftransferee shall execute
such guarantees and other documents as may be required by FRANCHISOR; and

16. FRANCHISEE provides FRANCHISOR with a complete copy of the closing documents at least three (3) days prior to closing.

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a. Each stock ce(ificate olthe transteree corporation shall have
conspicuously endorsed upon it a statement that it is held subject to. and if further assignment or transfer thereof is subject to, all restrictions imposed upon
assignments by this Agreement; and

FRANCHISEE shall not sell or transfer, without the FRANCHISOR's prior written
consent, to a third party any leasehold improvements, inventory, fumiture, fixtures, or equipment without the transfler, to the same party, of this Agreement. Any purported assignment of the above-listed assets not having the aforesaid consent shall be null and void and shall constitute a material default hereunder.

If FRANCHISEE is in full compliance with this Agreement, FRANCI{ISEE may transfer
this Agreement to a corporation or limited liability company which conducts no business other than the RESTAURANT and in which FRANCHISEE maintains management control and owns and controls One hundred percent (100%) ofthe equity and voting power of all issued and outstanding capital stock or membership interest. Transfers ofshares in such corporation or limited liability company will be subject to the provisions of Paragraph XVIII.C. All accrued money obligations of FRANCHISEE to FRANCHISOR, FRANCHISOR's subsidiaries or assignees, shall be satisfied prior to assignment or transfer. Notwithstanding anything to the contrary herein, FRANCHISEE shall remain personally liable under this Agreement as if the transfer to such corporation or limited liability company had not occurred. The Articles of Incorporation, By-Laws and other organizational documents of such corporation or Operation Agreement ofsuch limited liability company shall recite that the issuance and assignment ofany interest therein is restricted by the terms of Paragraph XVIII. hereol and all issued and outstanding stock certificates olsuch corporation shall bear a legend reciting or referring to the restrictions hereof. Each shareholder or member of FRANCHISEE, at any time during the term olthis Agreement, shall execute an "Owner's Guaranty and Assumption ol Franchisee's Obligations", or such other agreement that FRANCHISOR prescribes, undertaking to be bound jointly and severally by all provisions of this Agreement. FRANCHISEE shall fumish to FRANCHISOR at any time upon request, in such form as FRANCHISOR may require, a list of FRANCHISEE's shareholders (ofrecord and beneficially) reflecting their respective interests in FRANCHISEE. The transferee corporation or limited liability company shall enter into a written assignment with FRANCHISEE and FRANCFIISOR (in a form satisfactory to FRANCHISOR) assuming all of FRANCHISEE's obligations hereunder. No new shares of common or preferred voting stock in the transferee corporation shall be issued to any person, partnership, limited liability company, trust, foundation, or corporation without obtaining FRANCHISOR's prior wdtten consent.

Upon the death or permanent disability of FRANCHISEE or, if FRANCHISEE is a corporation, limited liability company, or partnership, the owner ofa controlling interest in

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D. TRANSFER TO A WHOLLY.OWNED CORPORATION OR LIMITED
LIABILITY COMPANY

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FRANCHISEE, the executor, administrator, conservator, guardian or other personal representative ofsuch person shall, within six (6) months ofsuch event:

1. Apply to FRANCHISOR for the right to continue to operate the
RESTAURANT (for the duration of the term of this Agreement), which right shall be
granted upon the fulfillment ofall of the conditions set iorth in Paragraph XVIILC. of
this Agreement (excepl that no transfer fee shall be required); or

2. Transfer FRANCHISEE's interest in this Agreement or such interest in the RESTAURANT to a third party approved by FRANCHISOR. Such disposition of this Agreement or such interest in the RESTAURANT (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed six
(6) months from the date ofdeath or permanent disability, and shall be subject to all the terms and conditions applicable to transfers contained in Paragraph XVIII.C. Failure to transfer the interest in this Agreement or such interest in FRANCHISEE within said period oftime shall constitute a breach of this Agreement. For purposes hereof, the term "permanent disability" shall mean a mental or physical disability, impairment or
condition that is reasonably expected to prevent or actually does prevent FRANCHISEE,
or an owner of a controlling interest in FRANCHISEE, from supervising the management
and operation of the RESTAURANT for a period olsix (6) months from the onset of
such disability, impairment or condition.

In the event of the death or incapacity of a FRANCIIISEE, any partner, member, or shareholder of a FRANCHISEE, which is a partncrship, limited liabitity company! or corporation, where the aforesaid provisions have not been fulfilled within the time provided, all rights licensed to FRANCHISEE under this Agreement shall, at the option of FRANCHISOR, terminate forthwith and automatically revert to FRANCHISOR.

If, after the death or permanent disability of FRANCHISEE or a controlling owner of FRANCHISEE, the RESTAURANT is not being managed by a competent and trained manager, FRANCHISOR is authorized, but not obligated, to appoint a manager to maintain the R RESTAURANT's operation until an approved assignee shall be able to assume its management and operation, for a period not exceeding ninety (90) days, renewable as necessary, for up to one (l) year, without the written approval ofthe personal representative ofFRANCHISEE. In the event FRANCHISOR appoints such a manager to maintain the RESTAURANT'S operation, FRANCHISOR shall periodically discuss the status of the RESTAURANT with the personal representative of FRANCHISEE, or FRANCHISEE'S heirs. All funds from the RESTAURANT's operation during the period of management by FRANCHISOR's appointed manager shall be kept in a separate fund and all expenses ofthe RESTAURANT, including compensation, other costs and travel and living expenses of FRANCHISOR's appointed manager, shall be charged to such fund. As compensation for the management services

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provided, in addition to the fees due hereunder and the compensation, other costs and travel and living expenses which FRANCHISOR's appointed manager incurs. FRANCHISOR shall charge such fund Five percent (5%) of the RESTAURANT's Gross Sales (as defined in Paragraph XII.B. of this Agreement) during the period of FRANCHISOR's management. Operation of the RESTAURANT during any such period shall be for and on behalf oIFRANCHISEE, provided, that FRANCHISOR shall have a duty only to utilize its good faith efforts and shall not be liable to FRANCHISEE or FRANCHISEE's owners for any debts, losses or obligations incurred by the RESTAURANT or to any creditor of FRANCHISEE for any merchandise, materials, supplies or services purchased by the RESTAURANT during any period in which it is managed by FRANCHISOR's appointed manager.

F. EFFECT OF CONSENT TO TRANSFER

FRANCHISOR's consent to a transfer of this Agreement or any interest in
FRANCHISEE or the RESTAURANT shall not constitute a waiver of any claims FRANCHISOR may have against FRANCHISEE (or its owners) nor be deemed a waiver of FRANCHISOR's right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

FRANCHISOR shall have the right, exercisable by written notice delivered to
FRANCHISEE, or FRANCHISEE's owners, within thirty (30) days from the date of delivery ol an exact copy ofsuch offer to FRANCHISOR, to purchase such interest for the price and on the

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G. FRANCIIISOR'S RIGHT OF IIIITS'f REFIjSAL

If FRANCHISEE (or its owners) shall at any time determine to sell a One hundred
percent (100%) ownership interest in FRANCHISEE or the RESTAURANT, FRANCHISEE (or its owners) shall obtain a bona fide, executed written offer and an earnest money deposit (in the amount ofFive percent (5%) or more ofthe offering price) from a responsible and fully disclosed purchaser (including lists of the owners ofrecord and beneficially ofany corporate offeror and all general and limited partners ofany partnership offeror and, in the case ofa publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports). FRANCHISEE shall immediately submit to FRANCHISOR a true and complete copy ofsuch offer, which shall include details of the payment terms ofthe proposed sale and the sources and terms of any financing for the proposed purchase price. The offer must apply only to an interest in FRANCHISEE, or the RESTAURAN, and may not include an offer to purchase any other property or rights of FRANCHISEE (or its owners). However, if the offeror proposes to buy any other property or rights from FRANCHISEE (or its owners) under a separate, contemporaneous offer, the price and terms ofpurchase offered to FRANCHISEE (or its owners) for the interest in this Agreement, FRANCHISEE or the RESTAURANT shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights.

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terms and conditions contained in such offer, provided that FRANCHISOR may substitute cash for any form of payment proposed in such offer, FRANCHISOR's credit shall be deemed equal to the credit ofany proposed purchaser and FRANCHISOR shall have not less than ninety (90) days to prepare for closing. FRANCHISOR shall be entitled to purchase such interest subject to all customary representations and warranties given by the seller of the assets of a business or voting stock ofan incorporated business, as applicable, including, without limitation, representations and warranties as to ownership, condition ofand title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity ofcontracts and liabilities of the corporation whose stock is purchased and affecting the assets, contingent or otherwise.

If FRANCHISOR exercises FRANCHISOR's right of first refusal, FRANCHISEE, and FRANCHISEE's owners, agree that. for a period of two (2) years commencing on the date of the closing, neither FRANCHISEE, nor FRANCHISEE's owners, shall have any direct or indirect interest (through a member of the immediate families of FRANCHISEE or FRANCHISEE's owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within five (5) mites of the RESTAURANT or any ROCKY ROCOCO RESTAURANT operated by FRANCHISOR, or FRANCHISOR's affiliates or franchisees. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed and outstanding.

If FRANCHISOR does not exercise its right of first refusal, FRANCHISEE, or FRANCHISEE's owners, may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to FRANCHISOR's approval of the transfer as provided in Paragraphs XVIII.B. and XVIII.C., provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such ofler to FRANCHISOR, or if there is a material change in the terms of the sale, FRANCHISOR's right of first refusal shall be extended for thirty (30) days after the expiration ofsuch one hundred twenty (120) day period or after the material change in the terms of the sale.

Notwithstanding the provisions in this Paragraph, where the offer to purchase is made by
a member of FRANCHISEE's immediate family, or by a partner or owner of the entity which owns the RESTAURANT, FRANCHISOR shall not have the right to elecl to purchase the RESTAURANT or property as described above where all conditions of this Agreement relating to transferability are fulfilled.

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XIX. TAXE PE IT A B ED SS

FRANCHISEE shall promptly pay when due all taxes levied or assessed, including
without limitation, federal income taxes, unemployment and sales taxes.

FRANCHISOR shall have no liability for any sales, use, excise, gross receipts, income, property or other taxes, whether levied upon FRANCHISEE, the RESTAURANT, FRANCHISEE's property or upon FRANCHISOR, in connection with the services provided or business conducted by FRANCHISEE (except any taxes FRANCHISOR is required by law to collect from FRANCHISEE with respect to purchases from FRANCHISOR). Payment of all such taxes shall be FRANCHISEE's responsibility.

B. PERMII'S

FRANCHISEE shall comply with all federal, state and local laws, rules and regulations;
and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct ofthe business licensed by this Agreement, including, without limitation, operating licenses, licenses to do business, fictitious name registration and sales tax permits.

FRANCHISEE shall notify FRANCHISOR in writing within five (5) days of the oommencement ofany action, suit or proceeding, and ofthe issuance ofany order, writ, injunction, award or decree ofany court agency or other govemmental instrumentality which may adversely affect the operation or financial condition of the RESTAURANT.

C. INDEBTEDNESS

FRANCHISEE shall pay to FIIANCHISOR (or FRANCHISOR's parent, or the
subsidiary, affiliate or designee of either entity) immediately upon demand by F'RANCHISOR:
(1) the amount ofall sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by FRANCHISOR on account ofservices or goods furnished by FRANCHISOR to FRANCHISEE through sale, lease or otherwise, or on account ol collection by FRANCHISOR of the franchise fee or Royalty and Service Fees called for by this Agreement; (2) all amounts advanced by FRANCHISOR, or which I-RANCHISOR has paid, or for which FRANCHISOR has become obligated to pay on behalf of FRANCHISEE for any reason whatsoever; and (3) all amounts due to FRANCHISOR, or FRANCFIISOR's parent, or the subsidiary, affiliate or designee ofeither party, for products or services purchased by FRANCHISEE from FRANCHISOR (or FRANCHISOR's parent, or the subsidiary, affiliate or designee of either party).

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A. TAXFS

FRANCHISEE shall promptly pay when due and shall maintain FRANCHISEE's trade accounts in a current status and seek to promptly resolve any disputes with trade suppliers. In the event FRANCHISEE shall not maintain its trade accounts, FRANCHISOR may, in FRANCHISOR's sole discretion, but shall not be required to, pay any or all such accounts on behatf of FRANCHISEE, in which event FRANCHISEE agrees to immediately repay FRANCHISOR therefor with interest on the amounts advanced by FRANCHISOR at the rate ol One and one-halfpercent (1 | l2%) per month for each and every month that said amount is not paid, but in no event shall FRANCHISEE be compelled to pay interest at a rate greater than the maximum permitted by applicable law.

XX. INDEPENDENT CTOR

This Agreement does not constitute FRANCHISEE as an agent, legal representative, joint venturer, partner, member, employee, or servant of FRANCHISOR for any purpose whatsoever; and it is understood between the parties hereto that FRANCHISEE shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of FRANCHISOR, or to create any obligation, express or implied, on behalf of FRANCHISOR. No employee of FRANCHISEE shall be deemed to be an employee of FRANCHISOR. FRANCHISOR shall not have the power to hire or fire FRANCHISEE's employees and, except as herein expressly provided, FRANCHISOR may not control or have access to FRANCHISEE's funds or the expenditure thereof, or in any other way exercise dominion or control over FRANCHISEE's business.

FRANCHISEE shall prominently display in FRANCHISEE's place of business a
certificate from FRANCHISOR stating that said business is operated by FRANCHISEE as a FRANCHISEE of FRANCHISOR, and not as an agent thereof. FRANCHISEE shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as FRANCHISOR may, in FRANCHISOR's sole and exclusive discretion, speciS and require, in FRANCHISOR's Operations Manual.

Under no circumstances shall FRANCHISOR be tiable for any act, omission, debt or any
other obligation of FRANCHISEE. FRANCHISEE shall indemnifu and save FRANCHISOR harmless against any such claim and the cost ofdefending against such claims arising directly or indirectly from, or as a result of, or in connection with, FRANCHISEE's operation of the R,ESTAURANT.

XXI. LIEN GRANTED TO FRANCHISOR

FRANCHISOR is hereby given a first lien upon all property of FRANCHISEE,
including, but not limited to, equipment, inventory, trade fixtures, leasehold improvements and all proceeds of said items whelher acquired by FRANCHISEE before or after the date hereoL ln

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the event of any default in this Agreement by FRANCHISEE, FRANCHISOR shall have all remedies of a secured party under the Uniform Commercial Code. FRANCHISOR may require FRANCHISEE to assemble the collateral and make it available to FRANCHISOR for FRANCHISOR's possession at a place to be designated by FRANCHISOR which is reasonably convenient to both FRANCHISOR and FRANCHISEE and further, that the net proceeds realized upon any disposition ofthe collateral by public or private sale in accordance with the provisions ofthe Uniform Commercial Code after deduction for the reasonable expenses ofretaking, holding, preparing for sale, selling or the like and the reasonable attomeys fees and legal expenses incurred by FRANCHISOR in connection therewith, shall be applied in satisfaction of the obligations of FRANCHISEE secured hereby. FRANCHISOR agrees to account to FRANCHISEE for any surplus realized in any such disposition and FRANCHISEE agrees to remain liable for any deficiency. FRANCHISEE agrees upon demand to execute and deliver to FRANCHISOR such financing statements and other documents in form satisfactory to FRANCHISOR and to do all such acts and things as FRANCHISOR may at any time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the above collateral as security for the obligations ofFRANCHISEE secured hereby. The rights and remedies herein contained and reserved to FRANCHISOR shall not be considered as exclusive ofany other right or remedy of FRANCHISOR, but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Upon demand from FRANCHISEE, FRANCHISOR shall subordinate this lien to: (I) any bank or financial institulion requiring a first lien which provides financing for FRANCHISEE's business; and (2) any purchase money interest on property purchased for FRANCHISEE's business.

XXII. WAIVER OF OBLIGATIONS

FRANCHISOR and FRANCHISEE may by written instrument unilaterally waive or
reduce any obligation ofor restriction upon the other under this Agreement, effective upon delivery of written notice thereofto the other or such other effective date stated in the notice of waiver. Any waiver granted by FRANCHISOR shall be without prejudice to any other rights FRANCHISOR may have, will be subject to continuing review by FRANCHISOR and may be revoked, in FRANCHISOR's sole discretion, at any time and for any reason, effective upon delivery to FRANCHISEE of ten (10) days'prior written notice.

FRANCHISOR and FRANCHISEE shall not be deemed to have waived or impaired any
right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereofto be a default and to terminate this Agreement prior to the expiration of its term) by virtue ofany custom or practice ofthe parties at variance with the terms hereof; any failure, refusal or neglect of FRANCHISOR or FRANCHISEE to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder,

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Neither FRANCHISOR nor FRANCHISEE shall be liable for loss or damage or deemed
to be in breach of this Agreement iftheir failure to perform obligations results from:

2. Compliance with any law, ruling, order, regulation, requirement or instruction ofany federal, state or municipal govemment or any department or agency thereof;

3. Acts of God;

4. Fires, strikes, embargoes, war or riot, or

5. Any other similar event or cause.

XXIII. NOTICE

All written notices and reports permitted or required to be delivered by the provisions of
this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand; one (1) business day after transmission by facsimiles, telecopy, telegraph, e-mail or comparable electronic system; one (1) business day after being placed in the hands ofa commercial carrier service for next business day delivery; or three (3) business days after placement in the mail by registered or ce(ified mail, return receipt requested, postage prepaid, to the address set forth below. Any required payment or report which FRANCHISOR does not actually receive at the correct address during regular business hours on the due date (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

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including, without limitation, any mandatory standard, specification or operating procedure; any waiver, forbearance, delay, failure or omission by FRANCHISOR to exercise any right, power or option, whether of the same, similar or different nature, with respect to other ROCKY ROCOCO RESTAURANTS; or FRANCHISOR's acceptance of any payments due from FRANCHISEE after any breach ofthis Agreement.

l. Transportation shortages, inadequate supply of equipment, merchandise,
supplies, labor, material or energy or the voluntary foregoing ofthe right to acquire or
use any of the foregoing in order to accommodate or comply with the orders, requests. regulations, recommendations or instructions ofany federal, state or municipal
government or any department or agency thereol;

Any delay resulting from any olsaid causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time ofsuch occurrence or payment of Royalty and Service Fees and Fund contributions due on any sales thereafter.

Notices to FRANCHISOR ROCOCO FRANCHISE CORPORA]ION

105 East Wisconsin Avenue

Oconomowoc, Wisconsin 53066

(262) s69-ss80
(262) 569-5591 - Facsimile number

Notices 1o FRANCFIISEII :

XXIV.]EQSTS OF ENFORCEMENT: A,f].ORNEYS FI]ES

FRANCHISOR shall be entitled to recover from FRANCHISEE reasonable attorneys
fees, experts fees, court costs, and all other expenses of litigation, in the event that FRANCHISOR prevails in any action instituted against FRANCHISEE in order to secure or protect those righrs inuring to FRANCHISOR under this Agreement, or to enforce the terms hereof. If FRANCHISOR is required to engage legal counsel in connection with FRANCHISEE's failure to pay when due amounts owing to FRANCHISOR, to submit when due any reports, information or supporting records or otherwise comply with this Agreement, FRANCHISEE shall reimburse FRANCHISOR for any of the above-mentioned costs and expenses which it incurs.

lf FRANCHISOR becomes a party to any Iitigation or arbitration proceeding concerning
this Agreement or the RESTAURANT by reason of any act or omission of FRANCHISEE or FRANCHISEE's authorized representatives and not by any act or omission of FRANCHISOR or any act or omission ol FRANCHISOR's authorized representatives, or if FRANCHISOR becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding, FRANCHISEE shall be liable to FRANCHISOR for reasonable attorneys fees, experts fees and court costs and all other expenses oflitigation incurred by FRANCHISOR in such arbitration, litigation or proceeding regardless ofwhether such arbitration, litigation or proceeding or action proceeds to judgment. In addition, FRANCHISOR shall be entitled to add all costs of collection, interesl,

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attomeys fees and experts fees to its proofofclaim in any solvency proceedings filed by
FRANCHISEE.

This Agreement and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between FRANCHISOR and FRANCHISEE concerning the subject matter hereoi and supersedes all prior agreements. There are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing and signed by both parties. Nothing in this Agreement requires the FRANCHISEE to waive reliance on the representations made in the Disclosure Document.

Except as expressly provided to the contrary herein, each section, part, term and/or
provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligibte, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if FRANCHISOR determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, FRANCHISOR, at FRANCHISOR's option, may terminate this Agreement.

Anything to the contrary herein notwithstanding, nothing in this Agreement is intended,
nor shall be deemed, to confer upon any person or legal entity other than FRANCHISOR or FRANCHISEE and such oftheir respective successors and assigns as may be contemplated by this Agreement hereof, any rights or remedies under or by reason olthis Agreement.

FRANCHISEE expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any ofthe provisions hereof any portion or portions which a cou(may hold to be unreasonable and unenforceable in a final decision to which FRANCHISOR is a party, or from reducing the scope ofany promise or covenant to the extent required to comply with such a court
order.

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XXV, ENTIREAGREEMENT

XXVI. SEVERABILI'fY AND CONSTRUCTION

All captions in the Agreement are intended solely for the convenience ofthe parties, and
none shall be deemed to affect the meaning or construction ofany provision hereof.

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuler or plural, where applicable, and all ackr.rowledgements, promises, covenants, agreements and obligations herein made or undertaken by FRANCHISEE shall be deemed jointly and severally undertaken by all the parties hereto on behalf of FRANCI'IISEE.

This Agreement may be executed in counterparls, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Delivery ofan executed counterpart of a signature page of this Agreement, by facsimile, or other electronic means, shall be eflective as of the delivery ofa manually executed counterpart of this Agreement. The parties agree that such electronically exchanged or stored copies will be enforceable as original documents.

The rights of FRANCHISOR and FRANCHISEE hereunder are cumulative and no
exercise or enforcement by FRANCHISOR or FRANCHISEE olany right or remedy hereunder shall preclude the exercise or enforcement by FRANCHISOR or FRANCHISEE of any other right or remedy hereunder which FRANCHISOR or FRANCHISEE is entitled by law to enforce.

Except where this Agreement expressly obligates FRANCHISOR reasonably to approve
or not unreasonably to withhold FRANCHISOR's approval of any action or request by FRANCHISEE, FRANCHISOR has the absolute right to refuse any requests by FRANCIIISEE or to withhold FRANCHISOR's approval of any action by FRANCHISEE that requires FRANCHISOR's approval.

This Agreement was accepted in the State of Wisconsin and shall be interpreted and
construed under the laws thereof. which laws shall prevail in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, I 5 U.S.C. Seotion 105 I et seq.).

Chapter 135, Wisconsin Statutes, the Wisconsin Fair Dealership Law, supersedes any provision of this Agreement.

The foregoing notwithstanding, nothing in this paragraph is intended to invoke the application ofany franchise, business opportunity or similar law, rule or regulation ofany state which would not otherwise apply.

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XXVII. APPLICABLE LAW

'fhe foregoing notwithstanding, to the extent that the provisions of this Franchise
Agreement provide fbr periods ofnotice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like other than in accordance with applicable law, such provision shall, to the extent such are not in accordance with applicable law, not be effective, and FRANCHISOR shatl comply with applicable law in connection with each of these
matters.

Nothing contained in this Agreement shall bar FRANCHISOR's right to obtain (l)
injunctive reliefagainst threatened conduct that will cause FRANCHISOR irreparable loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions; or (2) in any dispute regarding possession ofthe Premises, the remedy offorcible detainer against FRANCHISEE for any breach of a sublease for the Premises under customary rules goveming such actions. FRANCHISEE agrees that FRANCHISOR may have such injunctive relief without bond, but upon dus notice, in addition to such other reliefas may be available at equity or law, and FRANCHISEE's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if wananted, upon hearing duly had (all claims for damages by reason of the wrongful issuance olany such injunction being expressly waived hereby).

A. Except as specifically otherwise provided in this Agreement, the parties agree that
any and all disputes between them, and any claim by either party that cannot be amicably settled, shall be determined solely and exclusively by arbitration in accordance with the United States Arbitration Act (9 U.S.C. Sections I et seq.) if applicable, and the rules of the American Arbitration Association at its office nearest the home office of FRANCHISOR.

B. Each pa(y shall select one (1) arbitrator, and the two (2) so designated shall select a
third arbitrator. Ifeither party shall fail to designate an arbitrator within seven (7) days after arbitration is requested, or if the two (2) arbitrators shall fail to select a third arbitrator within fourteen (14) days after arbitration is requested, then an arbitrator shall be selected by the American Arbitration Association upon application oi either party. Arbitration proceedings shall be conducted in accordance with the rules then prevailing ofthe American Arbitration Association. Judgment upon an award of the majority ofthe arbitrators shall be binding, and shall be entered in a court of competent jurisdiction.

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XXVIII. INJUNCI'IVtr RELIEF

XXIX. ARBITRATION

The parties waive to the fullest extent permitted by law any right or claim for any
punitive or exemplary damages against the other and agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

Each party inevocably waives trial by jury in any action, proceeding or counter-claim,
whether at law or in equity, brought by either party.

A. Any and all claims arising out of or relating to this Agreement or the relationship ol
the parties hereto shall be barred unless an action or legal arbitration proceeding is commenced within one (l) year from the date FRANCHISEE or FRANCHISOR knew or should have known ofthe facts giving rise to such claims.

B. In no event shall FRANCHISEE be entitled to make, nor shall FRANCHISEE make,
any claim, and FRANCHISEE hereby waives any claim for money damages, nor shall FRANCHISEE claim any money damages by way of setoff, counter-claim or defense, based upon any claim or assertion by FRANCHISEE that FRANCHISOR has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by FRANCHISEE under any of the terms of this Agreement. FRANCHISEE's sole remedy for any such claim shall be an action or proceeding to enforce any such provision, or for a specific performance, or declaralory judgment.

XXXIII. DEI-'INITIONS

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XXX. WAIVER OF PUNI'fIVE DAMAGES

XXXI, WAIVER OF JURY TITIAL

XXXII. LIMITAI'ION OF CLAIMS

The term 'FRANCHISEE" as used in this Agreement shall refer to each person executing
this Agreement as FRANCHISEE whether such person is one of the spouses, partners, members, proprietors, shareholders, Eustees, trustors or beneficiaries or persons named as included in FRANCHISEE, and shall apply to each such person as if heishe were the only named FRANCHISEE in this Agreement. If FRANCHISEE is a married couple, both husband and wife executing this Agreement shall be liable for alI obligations and duties of FRANCHISEE hereunder as if such spouse were the sole FRANCHISEE hereunder. If FRANCHISEE is a partnership or proprietorship, or if more than one person executes this Agreement as FRANCHISEE, each partner, proprietor or person executing this Agreement shall be liable for all obligations and duties of FRANCHISEE hereunder. If FRANCHISEE is a limited liability company, all members executing this Agreement shall be liable for all obligations and duties of

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The term "affiliate" has used herein is applicable to any company directly or indirectly
owned or controlled by, under common control with or owning or controlling FRANCHISOR that transacts business with FRANCHISEE.

XXXV. CAVEAT

The success of the business venture contemplated to be undertaken by FRANCHISEE by virtue ofthis Agreement is speculative and depends, to a large extent, upon the ability of FRANCHISEE as an independent businessman, as well as other factors. FRANCHISOR does

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FRANCHISEE hereunder as if each such member were the sole FRANCHISEE hereunder. If FRANCHISEE is a trust, each trustee, grantor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of FRANCHISEE hereunder. If FRANCHISEE is a corporation, all shareholders executing this Agreement shalt be liable lor all obligations and duties of FRANCHISEE hereunder as if each such shareholder were the sole FRANCHISEE hereunder. If FRANCHISEE is a partnership, limited liability company, trust, or corporation, each of its principals and/or owners shall concunently with the execution of this Agreement, execute FRANCHISOR's Owner's Guarantee and Assumption of Franchisee's Obligations attached hereto as Rider "A", pursuant to which all obligations and duties ofFRANCHISEE are guaranteed by such individuals. Should FRANCHISEE be in breach or default under this Agreement, FRANCHISOR may proceed directly against each such spouse, partner, member, proprietor, signatory to this Agreement, shareholder, trustee, trustor, owner, principal or beneficiary without first proceeding against FRANCHISEE and without proceeding against or naming in such suit any other FRANCHISEE, partner, member, proprietor, signatory to this Agreement, shareholder, trustee, trustor or beneficiary. The obligations of FRANCHISEE and each such spouse, partner, member, proprietor, person executing this Agreement, shareholder, trustee, trustor and beneficiary shall bejoint and several. Notice to or demand upon one spouse, partner, member, proprietor, person signing this Agreement, shareholder, trustee, trustor, owner, principal or beneficiary shall be deemed notice to or demand upon FRANCHISEE and all such spouses, partners, members, proprietors, persons signing this Agreement, shareholders, trustees, trustors, owners, principals and beneficiaries, and no notice or demand need be made to or upon atl such FRANCHISEES, spouses, partners, members, proprietors, persons executing this Agreement, shareholders, trustees. trustors, owners. principals or beneficiaries. The cessation of or release from liability of FRANCHISEE or any such spouse, partner, member, proprietor, person executing this Agreement, shareholder, trustee, trustor, owners, principals or beneficiary shall not relieve any other FRANCHISEE, spouse, par:tner, member, proprietor, person executing this Agreement, shareholder, trustee, trustor, owner, principal or beneficiary from liability hereunder, except to the extent that the breach or default has been remedied or monies owed have been paid.

XXXIV. AFFILIATE

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not make any representation or warranty as to the potential success ofthe business venture contemplated hereby.

At any time FRANCHISEE agrees, upon ten (10) calendar days prior written request
from FRANCHISOR, to execute, acknowledge, and deliver to FRANCHISOR, or to any other party designated by FRANCHISOR, a statement in writing and in form and substance satisfactory to FRANCHISOR certifuing to all or any part of the following information as FRANCHISOR shall request to the extent the same is then true and ascertainable: (1) that this Agreement constitutes the entire agreement between FRANCHISOR and FRANCHISEE and is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and eflect as modified and stating the modifications); (2) the date to which fees due hereunder have been paid; (3) that FRANCHISEE knows ofno defaults or off-sets which FRANCHISEE has against the enforcement of this Agreement by FRANCHISOR; (4) the date ofthis Agreement and the expiration date of this Agreement; (5) any other matters relating to the status of this Agreement and the operation of FRANCHISEE's business as requested by FRANCHISOR.

A. FRANCHISEE acknowledges that it has entered into this Agreement after making an independent investigation of FRANCHISOR's operations and not upon any representation as to profits which FRANCHISEE in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth herein, to induce FRANCHISEE to accept this franchise and execute this Agreement.

B. FRANCHISEE acknowledges that it has received, read, and understood this
Agreement, including any exhibits hereto; that FRANCHISOR has fully and adequately explained the provisions of each to FRANCHISEE's satisfaction; and that FRANCHISOR has accorded FRANCHISEE ample time and opportunity to consult with advisors of FRANCHISEE's own choosing, including counsel, about the potential benefits and risks of entering into this Agreement.

C. FRANCHISEE acknowledges that FRANCHISEE received a copy of this
Agreement, the attachments hereto, ifany, and agreements relating thereto, ifany, at least seven
(7) calendar days prior to the date on which this Agreement was executed. FRANCHISEE further acknowledges that FRANCHISEE has received the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Conceming Franchising and Business Opportunity Ventures, at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

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XXXVI. ESTOPPEL CER'I'IFICATES

XXXVII. ACKNOWLEDGI]MENT

D. Prior to the execution of this Agreement, FRANCI-IISEE has had the opportunity to contact all existing franohisees of FRANCHISOR.

E. No representation or statement has been made by FRANCHISOR (or any employee, agent or salesperson thereo{) and relied upon by FRANCHISEE regarding the anticipated income, earnings and growth of FRANCHISOR, or the viability of the business opportunity being offered hereunder.

F. FRANCHISEE affirms and agrees that FRANCHISOR may sell F'RANCHISOR's
assets, proprietary marks, or System outright to a third party; may go public; may engage in a private placement of some or all of FRANCHISOR's securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapilalization, leverage buy-out or other economic or financia[restructuring; and with regard to any or all of the above sales, assignments or dispositions, FRANCHISEE expressly and specifically waives any claims, demands or damages arising from or related to the loss ofsaid proprietary marks (or any variation thereof) and./or the loss ofassociation with or identification ofFRANCHISOR.

H. The covenants not to compete set forth in this Agreement are fair and reasonable, and
will not impose any undue hardship on FRANCHISEE, since FRANCHISE,E has other considerable skills, experience and education 'w,hich afford FRANCHISEE the opportunity to derive income lrom other endeavors.

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G. FRANCHISEE affirms that all information set forth in any and all applications.
financial statements and submissions to FRANCHISOR is true, complete and accurate in all respects, with FRANCHISEE expressly acknowledging that FRANCHISOR is relying upon the truthfulness, completeness and accuracy of such information.

THIS AGREEMENT SHALL NOT BE BINDING ON FRANCI{ISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND
HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS. COVENANTS AND CONDITIONS THEREOF,

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in triplicate the day and year first above written.

ROCOCO FRANCHISE CORPORA] ION
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By

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Witness Franchisee

Franchisee

All individuals, partners, members, shareholders, officers and directors olthe entity
which signs this Agreement as FRANCHISEE acknowledge and accept the duties and obligations imposed upon each and every one of them, individually, by the terms contained in Paragraphs XIV.A. and XVI.D. of this Agreement.

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Witness

OWNER'S GUARANTEE AND ASSUMPTION OF FRANCI]ISEE'S OBI,IGATIONS

THIS GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGA.TIONS is

given this _ day of by

In consideration of, and as an inducement to, the execution ofthat certain Franchise
Agreement of even date herewith (the "Agreement") by ROCOCO FRANCHISE CORPORATION ("Franchisor"), each ofthe undersigned hereby personally and unconditionally (l) guarantees to Franchisor, and its successors and assigns, for the term ofthe Agreement and

punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Paragraphs XIV.A. and XVI.D. Each of the undersigned waives: (l) acceptance and notice ofacceptance by Franchisor ofthe foregoing undertakings; (2) notice of demand for payment ofany indebtedness or non-perflormance ofany obligations hereby guaranteed; (3) protest and notice ofdefault to any party with respect to indebtedness or non-performance ofany obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be
entitled.

Each of the undersigned consents and agrees that: (l) his direct and immediate liability
under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand ifFranchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor ofany remedies against Franchisee or any other person; and (4) such tiability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including without limitation the acceptance ofany partial payment or performance, or the compromise or release olany claims, none of which shall in any way modi$ or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

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thereafter as provided in the Agreement. that
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(,,Franchisee,,_1 shail

lN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on
the same day and year of the Agreement was executed.

GUARANTOR(S) PERCENTAGE OF OWNERSHIP IN
FRANCHISEE

Print Name Signature

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Print Name Signature

Print Name Signature

Print Name Signature

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Print Name Signature

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SMALL BUSINESS ADMINISTRATION
ADDENDUM TO FRANCHISE AGREEMENT

TtllS ADDENDUM ("Addendum") is made and entered into on

20 ,by and between Rococo Franchise Corporation ("Franchisor"), located at 105 East Wisconsrn

Franchisor and Franchisee entered into a Franchise Agreement on
(such Agreement, together with any amendments, the "Franchise Agreement"). The Franchisee is applying for financing from a lender in which funding is provided with the assistance ofthe U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration ofthe mutual promises below and lor good and valuable consideration, the
receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

lf Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor
has an option to purchase or a right of first refusal with respect to that partial interest,
Franchisor may exercise such option or right only if the proposed transferee is not a
current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer ofthe franchise interest
or any portion thereof, the transferor will not be liable for the actions ofthe transferee
Franchisee.

FORCED SALES OF ASSETS

If Franchisor has the option to purchase the business personal assets upon default or termination ofthe Franchise Agreement and the parties are unable to agree on the
value ofthe assets, the value will be determined by an appraiser chosen by both
parties. lfthe Franchisee owns the real estate where the franchisee location is
operating, Franchisee will not be required to sellthe real estate upon default or termination, but Franchisee may be required to lease the real €state for the remainder ofthe franchise term (excluding additional renewals) for fair market value.

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Avenue, Oconomowoc, Wisconsin 53066, and

("Franchisee"), located at -

COVENANTS

Ifthe Franchisee owns the real estate where the franchisee location is operating,
Franchisor has not and will not during the term ofthe Franchise Agreement record
against the real estate any restrictions on the use ofthe property, including any
restrictive covenants, branding covenants or environmental use restrictions. lfany
such restrictions are currently recorded against the Franchisee's real estate, they must
be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.
For temporary personnel lranchises, the temporary employees will be employed by
the Franchisee not the Franchisor.

As to the Franchise Agreement, this Addendum automatically terminates when SBA no
longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and
effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under l8 U.S.C. I 001 and other provisions, including liability for treble damages under the False Claims Act, 3 I u.s.c. $$3729-3733.

Authorized Representative of Franchisor - Rococo Franchise Corporation:

By:

Print Namc

Title:

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Authorized Representative of Franchisee:

By:

Print Name:

Title:

Note to Parties: This Addendum only address "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

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FRANCHISE DEPOSIT AGREEMENT

ROCOCO FRANCHISf, CORPORATION

EXIIIBIT I'DA

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ROCOCO FIi.ANCHISE CORPORATION

FRANCHISE DEPOSIT AGREEMENT

THIS AGREEMENT, made this day ol 20-, by and between Rococo Franchise Corporation, a corporation formed and operating under the laws of the State of Wisconsin, having its principal place of business at 105 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, (hereinafter refemed to as "FRANCHISOR"), and

_,

whose principal address is

(hereinafter referrcd to as "APPLICANT").

WHEREAS, FRANCHISOR franchises a restaurant concept specializing in pizza and
offering and serving other food and beverage items. These restaurants are known as "ROCKY ROCOCO PIZZA AND PASTA" and operate under distinctive business formats, systems, methods, procedures, designs and specifications, all of which FRANCHISOR may improve, further develop or otherwise modiff lrom time to time. FRANCHISOR uses and licenses certain trademarks and service marks, including "ROCKY ROCOCO" and associated logo, and may hereafter adopt, use and license additional trademarks and service marks in connection with ROCKY ROCOCO RESTAURANTS (collectively referred to as the "Marks"). Individuals who meet FRANCHISOR's qualifications and are willing to undertake the investment and effort to establish and develop a ROCKY ROCOCO RESTAURANT are granted franchises to own and operate ROCKY ROCOCO RESTAURANTS, selling the products and services FRANCHISOR authorizes and approves and utilizing FRANCHISOR's business formats, signs, fumishings, equipment, systems, methods, procedures, designs, specifications and the Marks (the "System")l
and

WHEREAS, APPLICANT seeks to obtain a franchise for the operation of a ROCKY ROCOCO RESTAURANT (" Franchise").

NOW, THEREFORE, in consideration of the mutual covenants set forth in this
Agreement, the parties hereby agree as follows:

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I . APPLICANT has deposited with FRANCHISOR the sum of Twelve thousand five hundred Dollars ($ 12,500.00) (the "Deposit"). This Deposit shall be credited toward the initial franchise fee payable by APPLICANT to FRANCHISOR in accordance with FRANCHISOR's standard Franchise Agreement ("Franchise Agreement"). If FRANCHISOR does not grant a Franchise to APPLICANT, the Deposit shall be refundable as provided herein. The Deposit shall not bear interest, and FRANCHISOR shatl not be required to establish a separate account for such funds.

2. As a condition to the grant of a Franchise, APPLICANT or FRANCHISOR must,
within one hundred eighty (180) days after the date ofexecution of this Agreement, find a suitable site and premises lor the operation of a ROCKY ROCOCO RESTAURANT (the

APPLICANT will diligently seek appropriate sites in the area in accordance with FRANCHISOR's site selection criteria. APPLICANT's right to find a suitable site and premises for the RESTAURANT within the Area is nonexclusive. In the event a suitable site for the RESTAURANT is located by FRANCHISOR, APPLICANT will be entitled to be presented with such proposed site as the site for a ROCKY ROCOCO RESTAURANT in the area, subject to similar rights granted to other APPLICANTS in an order of priority establishcd by utilizing the date of FRANCHISOR's execution of each APPLICANT's respective Franchise Deposit Agreement, however, that if APPLICANT locates a suitable site APPLICANT will, during the term of this Agreement, have the exclusive right to such site until such time as APPLICANT releases its rights to such site, in which case FRANCI'IISOR shall have the right 1o offer such site to other APPLICANTS as further set forth in this Paragraph. APPLICANT will have ten (10) working days after the proposed site is presented to accept or reject the location as a site for a ROCKY ROCOCO RESTAURANT. Failure to accept a proposed site in writing within that time period will be considered a rejection ofsuch site. lf APPLICAN'I rejects or is considered to have rejected a proposed site, the site will then be offered to other applicants in an order of priority established by utilizing the date of FRANCI{ISOR's execution of each APPLICANT's respective Franchise Deposit Agreement. APPLICANT may then be offered other sites under the terms and conditions of this Agreement until APPLICANT accepts a site or until the expiration of the term of this Agreement, whichever shall occur first.

APPLICANT shall not execute a lease or other agreement lor the premises for the RESTAURANT prior to FRANCHISOR's approval in writing of the proposed site and premises for the RESTAURANT. In determining whether to approve a proposed site or premises, FRANCHISOR shall evaluate whether such site or premises meets its standard site and premises selection criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from other restaurants within the Area, the proximity to other businesses and ROCKY ROCOCO RESTAURANTS, the nature of other businesses in proximity to the site and premises and other commercial characteristics, and the size, appearance

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"RESTAURANT") within the following geographic area (the "Area"):

and other physical characteristics of the site and premises. FRANCHISOR agrees to expend such time and effort and incur such expense as FRANCHISOR deems appropriate to consider sites and premises APPLICANT proposes. FRANCHISOR will, by delivery of written notice to APPLICANT, approve or disapprove a site and premises APPLICANT proposes for the RESTAURANT within thirty (30) days after FRANCHISOR receives the complete site and premises report and other materials it requests.

APPLICANT ACKNOWLEDGES AND UNDERSTANDS THAT FRANCHISOR'S ENGAGING IN SITE SELECTION ACTIVITIES, FRANCHISOR'S SUGGESTIONS, AND/OR FRANCHISOR'S EXERCISE OF FRANCHISOR'S RIGHTS OF AND/OR APPROVAL OF LEASE, SHALL IN NO WAY GIVE RISE TO ANY LIABILITY OF FRANCHISOR WITH REGARD TO THE VIABILITY OF ANY SITE PROPOSED BY FRANCHISOR AND SELECTED BY APPLICANT, NOR SHALL SAME CONSTITUTE A REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED SITE AND PREMISES FOR A ROCKY ROCOCO RESTAURANT OR FOR ANY OTHER PURPOSE. FRANCHISOR'S APPROVAL OF SUCH SITE AND PREMISES INDICATES ONLY THAT FRANCHISOR BELIEVES THAT THE PARTICULAR SITE AND PREMISES FALL WITHIN THE ACCEPTABLE CRITERIA ESTABLISHED BY FRANCHISOR AS OF THE TIME PERIOD ENCOMPASSING THE EVALUATION. BOTH APPLICANT AND FRANCHISOR ACKNOWLEDGE THAT APPLICATION OF SITE AND PREMISES CRITERIA THAT HAVE BEEN EFFECTIVE WITH RESPECT TO OTHER SITES AND PREMISES MAY NOT BE PREDICTIVE OIT POTENTIAL FOR ALL SITES AND PREMISES AND THAT, SUBSEQUENT TO FRANCHISOR'S APPROVAL OF A SITE AND PREMISES, DEMOGRAPHIC AND/OR ECONOMIC FACTORS, INCLUDING COMPETITION FROM OTHER RESTAURANTS, INCLUDED IN OR EXCLUDED FROM FRANCHISOR'S SITE AND PREMISES CRITERIA COULD CHANGE, THEREBY ALTERING THE POTENTIAL OF A SITE AND PREMISES. THE UNCERTAINTY AND INSTABILITY OF SUCH CzuTERIA ARE BEYOND FRANCHISOR'S CONTROL, AND FRANCHISOR SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF A SITE AND PREMISES APPROVED BY FRANCHISOR TO MEET EXPECTATIONS AS TO POTENTIAL REVENUE OR OPERATIONAL CRITERIA.

If APPLICANT is unable to acquire a site and premises acceptable to FRANCHISOR
within the time specified above, or during any extended period agreed to by FRANCHISOR and APPLICANT, FRANCHISOR may at any time thereafter terminate this Agreement. Upon such termination, FRANCHISOR shall refund (without intcrest) the Deposit as provided in Section 7 of this Agreement.

3. FRANCHISOR shall have the right to approve the terms of any lease for the premlses
prior to APPLICANT's execution thereof. APPLICANT agrees that APPLICANT will not execute a lease which FRANCHISOR has disapproved and shall deliver a copy of the signed

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lease to FRANCHISOR within fifteen (15) days after its execution. APPLICANT further agrees that APPLICANT wil[, at FRANCHISOR's request, collaterally assign any Lease to FRANCHISOR as security for his timely performance of all obligations under this Agreement and secure the LESSOR's consent to such collateral assignment.

APPLICANT ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OF A LEASE
FOR THE PREMISES SHALL NOT CONSTITUTE A GUARANTEE OR WARRANTY BY FRANCHISOR, EXPRESS OR IMPLIED, OF THE SUCCESSFUL OPERATION OR PROFITABILITY OF A ROCKY ROCOCO RESTAURANT OPERATED AT THE PREMISES. SUCH APPROVAL INDICATES ONLY THAT FRANCHISOR BELIEVES THAT THE PREMISES AND THE TERMS OF THE LEASE FALL WITHIN THE ACCEPTABLE CRITERIA ESTABLISHED BY FRANCHISOR AS OF THE TIME PERIOD ENCOMPASSING THE EVALUATION.

4. Upon APPLICANT's execution of the Landlord's approved Lease Agreement, APPLICANT will immediately sign FRANCHISOR's Franchise Agreemenl, a copy of which is attached hereto and incorporated by reference. Upon execution of the Franchise Agreement. the entire deposit shall be applied towards the franchise fee payable under FRANCHISOR's Franchise Agreement and APPLICANT will pay FRANCHISOR the balance of the Franchise
Fee.

5. FRANCHISOR possesses certain confidential information (the "Confidential
Information") relating to the operation of ROCKY ROCOCO RESTAURANTS, which includes: (l) site and premises selection criteria; (2) plans and specifications for the development ol ROCKY ROCOCO RESTAURANTS; (3) methods, techniques, formats, specifications, systems, procedures, sales and marketing techniques and knowledge ofand experience in the development and operation of ROCKY ROCOCO RESTAURANTS; (4) marketing and advertising programs for ROCKY ROCOCO RESTAURANTS; (5) knowtedge of specifications for and suppliers of certain products, materials, supplies, equipment and fumishings; and (6) knowledge ofoperating results and financial performance of ROCKY ROCOCO RESTAURANTS other than the RESTAURANT.

APPLICANT acknowledges and agrees that APPLICANT will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to APPLICANT in the operation olthe RESTAURANT during the term of the Franchise Agreement, and that the use or duplication ofany Confidential Information in any other business would constitute an unlair method of competition. APPLICANT further acknowledges and agrees that Confidential Information is proprietary, includes trade secrets of FRANCHISOR and will be disclosed to APPLICANT solely on the condition that APPLICANT agrees, and APPLICANT does hereby agree, that APPLICANT: (1) will not use Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of Confidential

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Page 4

Information during and after the term ofthis Agreement, (3) will not make unauthorized copies of any po(ion of Confidential Information disclosed in written or other tangible form; and (4) wilI adopt and implement all reasonable procedures that FRANCHISOR prescribes to prevenl unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereofto APPLICANT's employees and the use of nondisclosure and noncompetition agreements with employees who have access to Confidentia[Information. Notwithstanding anything to the contrary contained in the Franchise Agreement and provided APPLICANT shall have obtained FRANCHISOR's prior written consent, which shall not be unreasonably withheld, the restrictions on APPLICANT's disclosure and use ofConfidential Information shall not apply to the following: (1) information, processes or techniques which are or become generally known in the pizza restaurant industry other than through disclosure (whether deliberate or inadvertent) by APPLICANT; and (2) disclosure ofConfidential Information in judicial or administrative proceedings to the extent that APPt,ICANT is legally compelled to disclose such information, provided APPLICANTshall have used its best effofis and afforded FRANCHISOR the opportunity to obtain an appropriate protective order or other assurance satisfactory to FRANCHISOR of confidential treatment for the information required to be disclosed.

6. FRANCHISOR may terminate this Agreement at its option if:

(a) Within one hundred eighty (180) days from the date hereof, a site and
premises acceptable to FRANCHISOR have not been acquired by APPLICANT as
described in Section 2 of this Agreement;

(b) APPLICANT has made any material misrepresentation or omission in APPLICANT's franchise applicatiou

(c) APPLICANT is convicted by a trial court of or pleads no contest to a felony,
or to any other crime or oflense that is likely to affect adversely the goodwill associated
with the Marks, or engages in any conduct which may adversely affect the reputation ofa ROCKY ROCOCO RESTAURANT or the goodwill associated with the Marks; or

(d) APPLICANT makes any unauthorized use or disclosure ofany Confidential
Information.

7. Upon FRANCHISOR's termination of this Agreement pursuant to Section 6(a) above, FRANCHISOR shalI refund APPLICANT's deposit in full, except if FRANCHISOR terminates this Agreement pursuant to Section 6(b), (c) or (d), then FRANCHISOR shall be entitled to retain the entire Deposit.

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Pagc 5

8. APPLICANT further agrees that in consideration for FRANCHISOR reserving the territory, APPLICANT agrees that APPLICANT will not directly or indirectly engage in any other type of pan style pizza and pasta restaurant during the term of this Agreement and for a period ofone (1) year thereafter, within a fifty (50) mile radius of the area set forth in this Agreement, or within a fifty (50) mile radius of the location of any other business using FRANCHISOR's system, whether franchised, or ot..ned by FRANCHISOR, or FRANCHISOR's affiliates.

9. All written notices and reports permitted or required to be delivered by the provisions
of this Agreement shall be deemed so delivered at the time delivered by hand; one (l) business day after transmission by lacsimiles, telecopy, telegraph or comparable electronic system; one (l) business day after being placed in the hands ola commercial carrier service lor next business day delivery; or thee (3) business days after placement in the mail by registered or certified mail, retum receipt requested, postage prepaid, to the address set forth below. Any required payment or report which FRANCHISOR does not actually receive at the correct address during regular business hours on the due date (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

Notices to FRANCHISOR: ROCOCO FRANCHISE CORPORATION

I 05 East Wisconsin Avenue
Oconomowoc. Wisconsin 53066

(262) s69-ss80
(262) 569-5591 - Facsimile number

Notices to APPLICANT:

10. APPLICANT has submitted. or is submitting herewith, its hnancial statement and FRANCHISOR's confidential questionnaire. APPLICANT warants that the information provided is complete and accurate. The FRANCHISOR shall have twenty-one (21) days from the receipt ofthe signed Franchise Deposit Agreement within which to perform a credit check on APPLICANT and/or the principal submitting this Franchise Deposit Agreement. In the event the

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credit report is unacceptable to FRANCHISOR, the FRANCHISOR shall have the right to cancel this Agreement by retuming all signed copies of this Agreement along with a full refund of all deposits paid to the FRANCHISOR by APPLICANT.

I L APPLICANT acknowledges receiving FRANCHISOR's Disclosure Document dated
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and all exhibits attached thereto, including this Franchise Deposit
Agreement, more than ten (l0) business days before the date ofexecution hereof,

I 2. APPLICANT's rights under this Agreement are personal in nature and are not
transferable by assignment, wil[, operation of law or otherwise.

13. This Agreement may be executed in counterparts, each of which when so
executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Delivery ofan executed counterpart of a signature page ofthis Agreement, by facsimile, or other electronic means, shall be effective as of the delivery of a manually executed counterpart ofthis Agreement. The parties agree that such electronically exchanged or stored copies wi[1 be enforceable as original documents.

APPLICANT ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND FRANCHISOR'S DISCLOSURE DOCUMENT, LINDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, COVENANTS AND OBLIGATIONS OF THIS AGREEMENT AS BEING REASONABLY NECESSARY I'O MAINTAIN FRANCHISOR'S HIGH STANDARDS AND AGREES TO BE BOUND THEREBY.

ATTEST:

Witness

ROCOCO FRANCHISE CORPORATION,
a Wisconsin corporation

By

Title

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Witness APPLICANT

Witness APPLICANT

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ATTES]':

COLLATERAL ASSIGNMENT OF LEASE

ROCOCO FRANCHISE CORPORATION

EXHIBIT CAL

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ROCOCO FRANCHISE CORPORATION

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns, transfers and
sets over unto Rococo Franchise Corporation, a Wisconsin corporation ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease (including any renewals thereunder), a copy of which is attached hereto as Exhibit "A" (the "Lease"), respecting premises commonly known as
This

Assignment is for collateral purposes only and, except as specified herein, Assignee shall have no liability or obligation ofany kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession ofthe premises demised by the Lease pursuant to the terms hereofand shall assume the obligations ofAssignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to
assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not otherwise obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the Franchise Agreement for a
ROCKY ROCOCO RESTAURANT between Assignee and Assignor (the "Franchise Agreement"), Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease and shall remain liable to Assignee for all past due rents Assignee shall be required to pay to Lessor to effectuate the assignment contemplated hereunder.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it shall elect and exercise alI options to extend the term ofor renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon Assignee's failure otherwise to agree in writing, and upon failure of Assignor to elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawlul aftorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose oleffecting such extension or renewal.

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Page I

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed counterpart ofa signature page ofthis Agreement, by facsimile, or other electronic means, shall be effective as ofthe delivery ofa manually executed counterpart of this Agreement. The parties agree that such electronically exchanged or stored copies will be enforceable as original documents.

CORPORATE SIGNNTURE
ATTESl':

a corporation

Witness By

Its:
Witness

INDIVIDUAL SIGNATURE(S):

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Page 2

ASSIGNOR:

CONSENT TO COLLATERAI- ASSIGNMENT AND AGREEMENI' OF- LESSOR

The undersigned Lessor under the aibredescribed Lease hereby:

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any
default by Assignor under the Lease within thirty (30) days after delivery by Lessor ofnotice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that, if Assignee shall
take possession ofthe premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within said thirry (30) days period the defaults ofAssignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a
person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and, upon such assignment, Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that such additional assignee or sublessee operates the premises demised by the Lease as a ROCKY ROCOCO RE
STAURANT.

Dated:

, Lessor

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(a) Agrees to notifu Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease:

STATE AGENCY INFORMATION

ROCOCO FRANCHISE CORPOITATION

EXHIBIT ST

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STATE AGENCY INFORMATION

ILLINOIS:
lllinois Attomey General
500 South Second Street

Springfield, Illinois 62706

INDIANA:
Secretary of State
Indianan Securities Division
302 West Washington Street, Room E-l I Indianapolis, lndiana 46204

MICHIGAN:
State of Michigan
Department of Attorney General
P.O. Box 30213

Lansing, Michigan 48909

MINNESOTA:
Minnesota Department of Commerce 85 7th Place East, Suite 280
St. Paul, Minnesota 5 5l0l

WASHINGTON:
Director
Department of Financial Institutions I 50 Israel Road SW
Tumwater, Washington 98501

WISCONSIN:
The Commissioner of Securities
I 0l East Wilson Street
P.O. Box 178
Madison, Wisconsin 537 0 1 - 17 68

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This Disclosure Document summarizes ceftain provisions ofthe Franchise Agreement and other information in plain language. Read this Disclosure Document and all Agreements carefully.

If Rococo Franchise Corporation offers you a franchise, it rnust provide this Disclosure Document to you fourteen
(14) calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

Rococo Franchise Corporation
105 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
(262) 569-5s80

Rococo Franchise Corporation authorizes the respective state agencies identified on Exhibit ST to receive service of process for it in the particular state.

I have received the Disclosure Document dated April 24,2025, that included the following Exhibits:

Exhibit F-lN
Exhibit FA
Exhibit F-DA
Exhibit CAL

Dated

(Address)

(city, state, Zip code)

(Area Code and Telephone Number)

RFC'S COPY

WlRococoDisclosureDocument-2025

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Item 23
RECEIPT

lf Rococo Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation ofFederal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the State agency listed on Exhibit ST.

The tianchisor is:

The issuance date ofthis Disclosure Document is April 24,2025.

Financial Statements
Franchise Agreement
Franchise Deposit Agreement
Collateral Assignment of Lease

Signature of Prospective Franchisee

Itcm 23
RECF]I P'T

This Disclosure Document summarizes cenain provisions ofthe F'ranchise Agreement and other information in plain language. Read this Disclosure Document and all Agreements carefully.

If Rococo Franchise Corporation offers you a franchise, it must provide this Disclosure Document to you fourteen (l4) calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

lf Rococo Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation ofFederal and State law may have occurred and should be reponed to the Federal Trade Commission, Washington, D.C. 20580, and the State agency listed on Exhibit ST.

The franchisor is

Rococo Franchise Corporation
105 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
(262) 569-5580

The issuance date ofthis Disclosure Document is April 24,2025

Rococo Franchise Corporation authorizes the respective state agencies identified on Exhibit ST to receive service of process for it in the particular state.

I have received the Disclosure Document dated April 24, 2025, that included the following Exhibits:

Exhibit FIN
Exhibit FA
Exhibit FDA
Exhibit CAL

Financial Statements
Franchise Agreement
Franchise Deposit Agreement
Collateral Assignment of Lease

Dated:

Signature of Prospective Franchisee

(Address)

(City, State, Zip Code)

(Area Code and Telephone Number)

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