

FRANCHISE DISCLOSURE DOCUMENT

ROSATI'S FRANCHISING, INC.

An Illinois Corporation

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As a franchisee, you will operate a ROSATI'S PIZZA restaurant featuring pizza and other food items.

The total investment necessary to begin operation of a ROSATI'S PIZZA restaurant is from \$136,200 to \$428,500 for a carryout/delivery location and from \$270,000 to \$1,241,000 for a sports pub. This includes \$30,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation as a multi-unit Developer is the total investment to begin operations of the first ROSATI'S PIZZA restaurant (described above) plus the Development Fee equal to \$15,000 times the number of additional restaurants to be developed. A minimum of 3 restaurants must be developed under the Multi-Unit Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kathleen Davidson or Jazmin Barrera at Rosati's Franchising, Inc., 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173, (847) 426-8899.

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

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

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

Issuance Date: March 29, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and

able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding the notice of this Offering should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attn. Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

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

The franchisor is Rosati's Franchising, Inc. For ease of reference, Rosati's Franchising, Inc. will be referred to as "we", or "us" in this disclosure document. We will refer to the person who buys the franchise as "you" throughout the disclosure document. If you are married, you and your spouse would be the signers of the franchise agreement. If you are a corporation or partnership or limited liability company, your owners and their spouses will have to guarantee and be bound by the obligations contained in the franchise agreement to be signed by you as described in this disclosure document.

Franchisors and Affiliates. Rosati's Franchising, Inc. is an Illinois corporation formed on October 28, 2005. Our principal business address is 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173. We do business under our company name, Rosati's Franchising, Inc. and our trademark name, ROSATI'S PIZZA. If we have an agent for service of process in your state, we disclose that agent in Exhibit B.

We have no predecessor or parent. We have no affiliate that provides products or services to our franchisees. We have one affiliate that offers franchises. Our affiliate Vive Bene Enterprises, Inc. offers franchises for pizza restaurants under the name and service mark "PAPA SAVERIO'S." The principal place of business of Vive Bene Enterprises, Inc. is 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173.

The first ROSATI'S PIZZA restaurant opened in 1964. Rosati's Family Restaurants, Inc. (f/k/a Rosati Franchise Systems, Inc.) sold franchises for ROSATI'S PIZZA restaurants from 1979 to 1983. Rosati's Family Restaurants, Inc. assigned the ROSATI'S PIZZA trademark and service marks to Rosati's Franchise Systems, Inc. ("RFSI") in 1988. RFSI continues to own the Marks. RFSI sold franchises for ROSATI'S PIZZA restaurants from 1988 to 1998.

In 1998, RFSI licensed 10 Rosati family members to use the ROSATI'S PIZZA trademark with the requirement that the restaurants must be at least 5 miles apart. 6 of those Rosati family members (David Rosati, Anthony Rosati, Lisa Rosati Suma, Geary Rosati, Stephen Rosati and Joanne Rosati Czernek) formed Rosati's Franchising, Inc. on October 28, 2005 to franchise ROSATI'S PIZZA restaurants. Other Rosati family members own, license or franchise their own Rosati's Pizza restaurants independently of us.

Franchised Business. We franchise a pizzeria restaurant featuring pizza and casual Italian food (the "Franchised Business") under the "ROSATI'S PIZZA" trade name and service mark and other names and marks that we develop in the future (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The franchise offered is for the right to operate a ROSATI'S PIZZA restaurant using the Marks and the System at a specific location. You may operate your ROSATI'S PIZZA restaurant as either a carryout/delivery restaurant or a sports pub. A ROSATI'S PIZZA carryout/delivery restaurant has a menu that includes food and non-alcoholic beverages, offers carryout and delivery services, and in some cases, has dine-in seating and serves beer and wine. A ROSATI'S PIZZA sports pub has full table service and dine-in seating, a bar, a décor package approved by us, a menu that includes food, non-alcoholic beverages, beer, wine, and in some cases, hard liquor, and offers carryout and delivery services. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

We also allow certain franchisees who meet our criteria to become a Developer. A Developer agrees to establish and operate themselves a minimum of 3 ROSATI'S PIZZA Restaurants in a specified Development Area over an agreed upon period of time. The Multi-Unit Development Agreement is attached to this Franchise Disclosure Document as Exhibit J. The Developer will sign a Franchise Agreement for the first ROSATI'S PIZZA Restaurant at the time the Multi-Unit Development Agreement is signed. For each future franchise to be developed, the Developer will sign the then current form of Franchise Agreement that may have different terms than the Franchise Agreement contained in this Franchise Disclosure Document.

Market and Competition. You will compete primarily with other local restaurants offering pizza and related products, including independent pizza restaurants and regional and national franchised restaurants offering pizza. To a lesser extent, you will be competing with other types of restaurants and home cooking. Your competition may also include Rosati's Pizza restaurants operating under the Marks that have been licensed by one or more of the shareholders of RFSI and not licensed by us. (See Item 13 for additional information on licenses granted by RFSI to its shareholders.) We do not have the ability to control the operations of Rosati's Pizza restaurants that are not licensed by us. The market for restaurants featuring pizza and related food items is developed and highly competitive.

Your competition may include Rosati's Pizza restaurants operated under the Mark by shareholders of RFSI who are not our owners. As described above and in Item 13, these restaurants may be located in your general area but not within your territory. The license agreement between RFSI and its shareholders states that no Rosati's Pizza can be less than 5 miles from another Rosati's Pizza restaurant. The shareholders of RFSI are obligated to monitor the quality of the products and services offered under the Marks for the protection of the Marks. There may be some variation in the operation of the restaurants, in menu items offered, and in promotions conducted. We do not have the ability to control any Rosati's Pizza restaurant operations under licenses not granted by us.

Prior Business Experience of Us and Our Affiliate. We began offering franchises for sale in February 2006. We began offering Multi-Unit Development Agreements in 2017. We have no other business activities and have not offered franchises in other lines of business. We focus on franchising independently owned ROSATI'S PIZZA restaurants and providing franchise support to franchisees. We have not operated a ROSATI'S PIZZA restaurant; however, individuals and companies related to us by common ownership have owned and operated ROSATI'S PIZZA restaurants since 1973. As of December 31, 2020, companies with common ownership owned and were operating 8 ROSATI'S PIZZA restaurants.

We currently offer a referral fee to existing franchises who refer a franchise prospect to us that results in the granting of a franchise to that lead. Any information given to you by a franchisee is coming from him or her in his or her capacity as a franchisee. No franchisee referral source is or shall be deemed a franchise seller, franchise broker or our agent for the franchise sales process.

Vive Bene Enterprises, Inc. has offered PAPA SAVERIO'S franchises since September 2004. As of December 31, 2020, it had 16 franchises in operation. It has never offered franchises in other lines of business. Vive Bene Enterprises, Inc. has not operated pizza restaurants; however, companies related to it by common ownership owned and operated PAPA SAVERIO'S pizza restaurants from 1999 to 2003.

Industry Specific Regulations. In addition to laws and regulations that apply to businesses generally, your Franchised Business is subject to federal, state and local laws, regulations and guidelines governing the food service industry. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurant Association, have established rules affecting the restaurant business. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, and laws concerning menu item names and menu labeling and nutritional information.

We will provide to our franchisees information for the core menu required by the System to assist you in being compliant with federal menu labeling requirements. We will use our best efforts to maintain compliance with the industry standard according to the FDA and any and all current menu labeling laws in place at the time based on the information provided by various suppliers; however, this is inherently a subjective process and actual values may vary due to factors beyond our control such as individual preparation of our menu items. It is your responsibility to follow the core menu and related recipes and preparation methods so that these values are accurate for your menu.

For franchisees in Illinois, new laws that became effective January 1, 2020 require businesses to meet

specific sexual harassment prevention and training requirements, and require restaurant businesses specifically to implement and provide to employees a written sexual harassment policy.

It is your sole responsibility to comply with all applicable labor and employment laws and regulations.

You must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws.

The details of state, county and local laws and regulations vary from place to place. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

ITEM 2

BUSINESS EXPERIENCE

Director and President: Anthony M. Rosati

Mr. Rosati has been our President since May 2019. He has also been our Director since October 2005, was our Vice President from December 2006 to April 2019. From February 1992 to November 2014, he was President of Rosati's Development, Inc., a Rosati's Pizza restaurants business in Elgin, Illinois. From 2000 to 2007, Mr. Rosati was the President of Rosati's Franchise Systems, Inc. which owns the Rosati's Pizza federally registered trademarks. From 1990 to the present, he has owned multiple Rosati's Pizza restaurants. Since April 2014, Mr. Rosati has been President of Rosati's Pizza Pub Developments, Inc., a company established to develop Rosati's Pizza restaurants with foreign investors. Mr. Rosati has been a Manager of Rosati's Distribution, LLC since January 2019. Mr. Rosati has been Director since April 2002, Vice President from April 2002 to January 2010, and President from January 2010 to the present of Vive Bene Enterprises, Inc. in Schaumburg, Illinois which franchises Papa Saverio's Pizzeria restaurants. Since February 2017, Mr. Rosati has been manager of Rosati's Westlead Holding, LLC, a company established to develop Rosati's Pizza restaurants with foreign investors.

Secretary, Treasurer and Chief Financial Officer: Darren Schmitt

Mr. Schmitt has been our Secretary since January 2019 and our Treasurer and Chief Financial Officer of Rosati's Franchising, Inc. since March 2013. He has been Treasurer and Chief Financial Officer of our affiliate Vive Bene Enterprises, Inc. since April 2013. From May 2007 to March 2013, he was Payables/Receivables Manager and Office Manager for Rosati's Franchising, Inc. and Vive Bene Enterprises, Inc.

Director and Vice President: David M. Rosati

Mr. Rosati has been Director since October 2005 and Vice President since December 2006 of Rosati's Franchising, Inc. Mr. Rosati was President and Secretary of Rosati's Franchising, Inc. from October 2005 to December 2006. From February 2008 to the present, he has been the President of Rosati's Franchise Systems, Inc. which owns the Rosati Pizza federally registered trademarks. From 1987 to the present, he has owned multiple Rosati's Pizza restaurants. From April 2014 to February 2017, Mr. Rosati was manager of Rosati's Westlead Holding, LLC. Mr. Rosati was Secretary from December 1988 to May 2016, Vice President from December 2008 to November 2014, and President from November 2014 to May 2016 of Rosati's Development, Inc., a Rosati's Pizza restaurants business in Elgin, Illinois. Mr. Rosati has been a Manager of Rosati's Distribution, LLC since January 2019. Mr. Rosati has been Director since April 2002, Secretary from April 2002 until January 2010 and from January 2019 to the present, Treasurer from January 2008 until March 2013, and Vice President since January 2010 of Vive Bene Enterprises, Inc. in Schaumburg, Illinois which franchises Papa Saverio's Pizzeria restaurants.

Director and Vice President: Lisa Rosati Suma

Ms. Rosati Suma has been Director and Vice President of Rosati's Franchising, Inc. since December 2006. From February 2008 to the present, Ms. Suma has been the Vice President of Rosati's Franchise Systems, Inc. which owns the Rosati's Pizza federally registered trademarks. From 1999 to the present, Ms. Rosati Suma has been the Secretary of LGS Pizza Enterprises, Inc., a Rosati's Pizza restaurants business in Woodstock, Illinois. From 1990 to the present, she has been the owner of multiple Rosati's Pizza restaurants.

Director and Vice President: Geary S. Rosati

Mr. Rosati has been Director and Vice President of Rosati's Franchising, Inc. since December 2006. Mr. Rosati was the Treasurer of Rosati's Franchising, Inc. from October 2007 to September 2008. Since February 2008, he has been the Treasurer of Rosati's Franchise Systems, Inc. which owns the Rosati's Pizza registered trademarks. Mr. Rosati has also been a Director since March 2009, and was the Vice President from 2004 to February 2009, and has been President since March 2004 of Tri R Development Inc., a Rosati's Pizza restaurants business in Woodstock, Illinois. From 1999 to the present, Mr. Rosati has been the Vice President of LGS Pizza Enterprises, Inc., a Rosati's Pizza restaurants business in Woodstock, Illinois. From 1980 to the present, Mr. Rosati has been the President of Rosati's of Schaumburg, Incorporated, a Rosati's Pizza restaurants business in Kildeer, Illinois. From 1976 to the present, he has been the owner of multiple Rosati's Pizza restaurants.

Director and Vice President: Stephen Rosati

Mr. Rosati has been Director and Vice President of Rosati's Franchising, Inc. since December 2006. From 1999 to the present, Mr. Rosati has been the President of LGS Pizza Enterprises, Inc., a Rosati's Pizza restaurants business in Woodstock, Illinois. From 1980 to the present, Mr. Rosati has been the Secretary and Treasurer of Rosati's of Schaumburg, Incorporated, a Rosati's Pizza restaurant business in Kildeer, Illinois. From 1976 to the present, he has been the owner of multiple Rosati's Pizza restaurants.

Director and Vice President: Ray Czernek

Mr. Czernek has been Director and Vice President of Rosati's Franchising, Inc. since March 2014. He has served as one of our Corporate Advisors since November 2006. From March 2005 to the present, he has been President and Secretary of Delivery Wholesaler Corp., a paper supplies business in Lake Havasu, Arizona. From October 2009 to the present, he has been President of LHRC, Inc., owner of a Rosati's Pizza restaurant in Lake Havasu City, Arizona.

Vice President of Franchise Development: Timothy McCarthy

Mr. McCarthy has been our Vice President of Franchise Development since October 2015. He served as our Director of Franchise Sales from January 2012 to October 2015. Since January 2012, Mr. McCarthy has been Director of Franchise Sales of Vive Bene Enterprises, Inc. in Schaumburg, Illinois which franchises Papa Saverio's Pizzeria restaurants.

Director of Franchise Development: Steven Adams

Mr. Adams has been our Director of Franchise Development since October 2010. He has been Director of Franchise Development for Vive Bene Enterprises Inc. in Schaumburg, Illinois since October 2010. From July 2019 to July 2020, he was Director Franchise Development for Care Patrol in Gilbert, Arizona. From August 2016 to July 2019, he was Director Franchise Development for Massage Envy, Scottsdale, Arizona. From April 2016 to September 2016, he was Director Franchise Development for Nestle Tollhouse Café.

Project Manager: Andrew Rosati

Mr. Rosati has been a Project Manager for Rosati's Franchising, Inc. since May 2012. From January 2019 to the present, he has been Manager of Rosati's Distribution, LLC.

Corporate Advisor: Thomas J. Banning II

Mr. Banning has been a Corporate Advisor for Rosati's Franchising, Inc. since February 2006. From 2000 to the present, Mr. Banning has also been the owner of multiple Rosati's Pizza restaurants in Illinois.

Corporate Advisor: Edward Mark Suma

Mr. Suma has been a Corporate Advisor for Rosati's Franchising, Inc. since November 2006. From March 1999 to the present, Mr. Suma has been the owner of a Rosati's Pizza restaurant in Huntley, Illinois.

Corporate Advisor: Michael Rosati

Mr. Rosati has been a Corporate Advisor for Rosati's Franchising, Inc. since June 2008. From 2005 to the present, Mr. Rosati has been a General Manager of the Rosati's Pizza restaurants business in Woodstock, Illinois. From April 2013 to the present, Mr. Rosati has been the General Manager of the Rosati's Pizza restaurant in Harvard, Illinois. From December 2012 to the present, he has been President of Four Kings Restaurant Group, Inc. in Woodstock, Illinois.

Corporate Advisor: Brent Rosati

Mr. Rosati has been a Corporate Advisor for Rosati's Franchising, Inc. since 2008. From 2006 to the present, he has been Secretary of Tri R Development in Woodstock, Illinois. From 2012 to the present, he has been Secretary of Four Kings Restaurant Group, Inc. In Woodstock, Illinois. From 2013 to the present, he has been Secretary of Rosati's of Harvard in Harvard, Illinois.

Corporate Advisor: James Pirro

Mr. Pirro has been a Corporate Advisor for Rosati's Franchising, Inc. since January 2019. From 2010 to the present, he has been self-employed as an Operations and Construction Advisor based in Huntley, Illinois.

Corporate Advisor and West Coast Operation Manager: Matt Surma

Mr. Surma has been a Corporate Advisor since January 2019 and West Coast Operations Manager since May 2017 for Rosati's Franchising, Inc. He owned Rosati's Pizza restaurants in Wisconsin and Arizona from 2010 to 2019.

ITEM 3
LITIGATION

Our concluded litigation:

Rosati's Franchising, Inc. v. Chances on 6th, LLC aka Chicago Pizza Kitchen, LLC, and William Jachimek, Case No. 18-cv-668 was filed in the United States District Court for the Northern District of Illinois on January 30, 2018. We filed suit against our former franchisee and its guarantor for breach of the franchise agreement and guaranty and for replevin, based on franchisee's abandoning the Rosati's Pizza restaurant and opening a competing pizza restaurant at the same location and other breaches, including failure to pay royalties, permit access for inspection, and file reports. Our Verified Complaint sought an order enjoining the defendants from violating

certain post-termination obligations under the franchise agreement, including non-competition provisions of the franchise agreement, from using our confidential information or Marks, an award of damages and attorney's fees and costs, among other relief. On February 2, 2018, we filed a Motion for Preliminary Injunction. On February 23, 2018, the defendants filed an Answer, Affirmative Defenses, and Counterclaim. The counterclaims allege common law fraud, assert violations of the Illinois Franchise Disclosure Act, and claim the right to rescind a 2016 agreement in which the defendants provided a complete release of all existing claims against us. The defendants sought an award of damages, or in the alternative, rescission of the Franchise Agreement and related agreements, an award of punitive damages, and attorney's fees and costs. The court granted our Motion for Preliminary Injunction on April 12, 2018. On July 18, 2018 the court entered a Consent Decree and Permanent Injunction against the franchisee enforcing non-competition provisions and requiring the franchisee to pay us \$100,000 in installments. In the event of the franchisee's default in payment under the Consent Decree, a judgment against the franchisee of \$300,000 will be entered. The case was dismissed with prejudice on July 18, 2018. After default in payment by the franchisee, a Judgment for \$300,000 was entered by the court in October 2019.

Rosati's Franchising, Inc. and Anthem Way Rosatis, Inc. vs. Fire It Up, LLC, Kevin Doukas, Donna Kutamia, and Troy Wolver, Case No. 1:15-cv-02230 was filed in the United States District Court for the Northern District of Illinois on March 13, 2015. We and Anthem Way Rosatis, Inc. ("Anthem Way") filed suit against our former franchisee Fire It Up, LLC and its individual owners after the franchise agreement was terminated for abandonment of the business. Anthem Way was our former franchisee who sold certain business assets to the defendants. Our Complaint alleges trademark infringement, false advertising, and unfair competition in violation of the federal Lanham Act, breach of franchise agreement, violation of the Illinois Deceptive Trade Practices Act and the Illinois Consumer Fraud and Deceptive Business Practices Act, and unfair competition, and sought injunctive relief, damages for infringement of our name and mark, damages for amounts due under the franchise agreement, a declaratory judgment, punitive damages, and attorneys' fees and costs. The court issued a preliminary injunction against defendants on April 6, 2015. On May 1, 2015, the defendants filed a Motion to Dismiss and to motion to transfer the action, which the court denied in part and granted in part, transferring the case to the District Court in Arizona. We filed a Writ of Mandamus with the 7th Circuit Court of Appeals objecting to the transfer of the action to Arizona. On August 10, 2015, the appellate court granted the writ of mandamus and ordered the action to be transferred back to the Northern District of Illinois. On August 14, 2015, the defendants filed a counterclaim in the U.S. District Court of Arizona, alleging fraud, violation of the Arizona Consumer Fraud Act, breach of contract, breach of the implied covenant of good faith and fair dealing against us and Anthem Way. On September 9, 2015, the appellate court granted our motion and ordered the District Court of Arizona to transfer the case back to the Northern District of Illinois. We filed an answer to the defendants' counterclaim and affirmative defenses in September 2015. In January 2016, the parties entered into a settlement agreement pursuant to which Anthem Way paid \$60,000 to the defendants and all parties exchanged releases. The court dismissed the case with prejudice on February 5, 2016.

Pending litigation against our officers:

Michael Rosati, individually and derivatively on behalf of Rosati's Franchise Systems, Inc. and William Rosati, individually and derivatively on behalf of Rosati's Franchise Systems, Inc. v. Anthony Rosati, David Rosati, and Power Play Distributors, LLC as defendants and Rosati's Franchise Systems, Inc., as nominal defendant, Case No. 20-7762 was filed in the United States District Court for the Northern District of Illinois on December 29, 2020. This is a shareholder derivative suit filed by two shareholders of Rosati's Franchise Systems, Inc., as minority shareholders, against our officers Anthony Rosati and David Rosati who are also shareholders of Rosati's Franchise Systems, Inc. (RFSI). RFSI is the owner and licensor of our primary mark "Rosati's Pizza." The complaint alleges trademark infringement, false designation of origin, unfair competition, trademark dilution and trademark counterfeiting under the Lanham Act, trademark infringement and trademark dilution under Illinois common law, violations of the Illinois Uniform Deceptive Trade Practices Act, breach of contract, and breach of fiduciary duty against the defendants. These claims arise from the distribution of frozen pizza under the Rosati's mark by the defendants. The plaintiffs seek a permanent injunction, an award of unspecified damages, and attorney's fees. Responsive pleadings have not yet been filed. In January 2021, the parties agreed to private mediation of the claims alleged in the lawsuit.

Litigation Against Franchisees:

No suits were filed against franchisees in the year ended December 31, 2019.

No other litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

For a first ROSATI'S PIZZA franchise, the initial franchise fee is \$30,000. It is due and payable in a lump sum by certified or cashier's check upon signing the Franchise Agreement. The initial franchise fee is not refundable.

We participate in the VetFran program and offer a discounted initial franchise fee of \$22,500 to qualifying U.S. veterans. You must have been honorably discharged and provide us with a copy of your DD214.

If you are an existing franchisee buying an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$15,000. It is due and payable in a lump sum by certified or cashier's check upon signing the Franchise Agreement. You must sign a separate Franchise Agreement for each franchise that you buy. The initial franchise fee is not refundable.

There are no other fees or payments you would pay us for services or goods before you open for business.

Note that we may increase the initial franchise fee at any time and the initial franchise fee that you will pay for additional franchises will be the fee contained in the Franchise Disclosure Document in effect at the time you deliver your signed Franchise Agreement (in the then-current form).

Multi-Unit Development Agreement. If you are a Developer, you must sign the Franchise Agreement for your first ROSATI'S PIZZA franchise and pay the \$30,000 initial franchise fee at the same time as you sign the Multi-Unit Development Agreement. In addition, you must pay a non-refundable Development Fee when you sign the Multi-Unit Development Agreement. The Development Fee is \$15,000 (the initial franchise fee for subsequent franchises) times the number of additional restaurants to be developed. When you sign the Franchise Agreement for the additional franchises, \$15,000 of the Development Agreement will be applied as the initial franchise fee for that franchise.

The Development Fee is uniform for all Developers. The Development Fee is not refundable under any circumstances, but it is credited against additional the franchise fees as described above.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales.	Payable weekly	See Notes 1 and 2.
Advertising Fund	0% to 5% of Gross Sales. Currently the contribution is \$244 per month, not to exceed 5% of Gross Sales.	Payable weekly	See Note 1. Currently the advertising fund contributions cover the cost of online ordering, gift card and loyalty programs and online reputation management.
Additional Training	Currently \$250 per day; subject to increase.	Before Training	If you request and we agree to provide additional training after the initial training program to your or a manager or if we require you to attend additional training based on operational deficiencies.
Ongoing/Refresher Training	Currently we do not charge; however, we reserve the right to charge a fee.	As incurred	Payable if you choose to or are required to attend refresher training.
Convention or National Business Meeting	No fee was charged for the last convention; however, we reserve the right to charge a fee.	As incurred	Payable if we hold a convention and you choose to or we require you to attend.
Additional Assistance	Currently we do not charge; however, we reserve the right to charge a per diem fee plus additional travel expenses of our representative.	As incurred	If you request and we agree to provide assistance beyond our standard support.
Transfer Fee	One-half of the then current initial franchise fee for a first franchise (and non-refundable); currently \$15,000.	At time of transfer	If you transfer your franchise to your corporation or limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due.
Renewal Fee	\$5,000	Before renewal	Payable if you renew your franchise at the end of the initial franchise term.
Audit Fees	Cost of audit; estimated at \$1,500, if we determine we need to hire an auditor.	Upon demand	Payable only if you fail to furnish reports or records or if the audit reveals you have understated your

Type of Fee	Amount	Due Date	Remarks
			Gross Sales by more than 2%.
Inspection Fees	Cost of inspection	Upon demand	Payable if we inspect your operations and find deficiencies.
Late Fee	\$100 for each notification, non-sufficient funds check or demand for payment.	As incurred	Applies to demand for payment, non-sufficient funds checks, violation of Franchise Agreement, and the failure to provide reports and financial statements in a timely manner.
Interest	2% per month or the maximum legal rate.	As incurred	Payable if payments to us are not paid on time.
Unauthorized Advertising Fee	\$500 per occurrence	As incurred	Payable only if you use unapproved advertising, promotional or marketing materials.
Telephone Service Cost	Reimburse our costs of maintaining telephone service at the Franchised Business, if applicable.	Monthly	See Note 3.
Lease Renewal Fee	Reimburse our costs, but currently not exceeding \$2,500.	As incurred	For our services relating to the new lease and evaluation of the condition of the leased premises.
Non-Approval Restaurant Opening	\$500 per day the Franchised Business is open without our approval	As incurred	Payable only if you open the Franchised Business before we provide our approval.
Regional Advisory Council Assessments	None currently. Determined by Council.	As incurred	Payable if the Regional Advisory Council is established and fees are assessed by the Council.
Software	Not yet specified.	As incurred	If we develop customized software you must use in operating the Franchised Business. Fees may be payable to us or our designated supplier.
Evaluation of Suppliers	Currently \$250 per day, plus reasonable expenses.	As incurred	Applies only if you want us to evaluate unapproved items or suppliers for the Franchised Business.
Management Fee	To be determined under circumstances. Currently \$250 per day, plus reasonable expenses.	As incurred	Payable during period that our appointed manager manages the Franchised Business upon your default, death or

Type of Fee	Amount	Due Date	Remarks
			disability.
Non-Compliance Fee	\$500 per occurrence	Upon demand	Payable if you fail to use required food products or ingredients. Fee covers costs we incur in obtaining compliance.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred	Payable by you if we bring an action against you arising out of the Franchise Agreement and we prevail in such action.
Indemnification	Will vary under circumstances.	As incurred	You have to reimburse us if we are held liable for claims arising from your operations or incur costs in defending them.
Remodeling, modernizing, redecorating Premises	Estimated at up to \$20,000 for a carryout/delivery store and up to \$50,000 for a sports pub; dependent upon required changes.	As incurred	If we require you to do this, amounts will be paid to third parties.
Reimbursement for Taxes Paid	Undetermined	Upon demand	Payable if we are required to pay taxes (other than income) on account of payments you make to us.

- (1) "Gross Sales" means all sales or revenues, derived directly or indirectly from the Franchisee's business (including all food, beverage, liquor, catering and other sales), including on-premises sales, from selling food products and services from temporary locations in the Protected Area (see Item 12 for definition) (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are "Off-Premises Sales") and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority, (ii) the amount of all coupons redeemed at the restaurant (but only if the coupons have been previously approved by us as provided in the Franchise Agreement and only if such coupons have been included in Gross Sales) and (iii) charges for delivery.
- (2) The Royalty Fee is due weekly or more frequently as we may designate. Although the Agreement is between the Franchisor and the Franchisee, at our direction, you may be required to pay Royalty Fee to a different entity that has a common owner with us if we assign our rights to the Royalty Fee to that entity.
- (3) We may, at our option, maintain one or more telephone number(s) for the Franchised Business and, if we do maintain the number(s), including the applicable area code, you will be authorized and required to use the number(s) during the term of the Franchise Agreement. You acknowledge that we will have the sole rights to and interest in all the telephone number(s). We will notify you monthly of the cost of the telephone service and you must, within five days of your receipt of the bill, reimburse us for our costs in maintaining telephone number(s) for the Franchised Business. In the event that you do not so reimburse us, we may, at our option, instruct the telephone service provider to terminate the telephone number(s) or

to transfer the number(s) to us or our designee.

- (4) All other fees are imposed by and payable to us and are non-refundable. Fees paid to third parties are typically non-refundable but would be determined by the third party vendor.
- (5) All Royalty Fees, Advertising Fund contributions and any other amounts which you owe to us must be paid by electronic transfer of funds as further described in the Franchise Operations Manual. You must sign any necessary documents authorizing us to make electronic transfers from the Franchised Business bank account, and we will then debit the account for the amounts due on their due dates. Funds must be available, and payments for all amounts due must be made in accordance with the procedures set forth in the Franchise Operations Manual.
- (6) We may at times suspend payment of fees due to a franchisee's particular circumstance. Otherwise all fees are imposed uniformly.

Multi-Unit Development Agreement. The Multi-Unit Development Agreement ("MUDA") spells out the fees which the Developer is obligated to pay to us. The following is a summary of these fees.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your operation of the development business or incur costs in defending them.
Costs and Attorney's Fees	Will vary under circumstances.	As incurred	You must reimburse us for costs and attorneys' fees for enforcement of covenants, for obtaining specific performance of injunctive relief, and if we are successful in an action to enforce the Multi-Unit Development Agreement.

- (1) Unless otherwise noted, all fees are imposed by and payable to us. All fees are non-refundable.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

For a carryout/delivery location, your estimated initial investment to open your ROSATI'S PIZZA Franchised Business is as follows:

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$30,000	Lump Sum, certified or	Due upon signing the Franchise Agreement	Us

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
		cashier's check		
Travel and Living Expenses During Training (2)	\$1,500 to \$7,500	As incurred	Prior to Opening	Other suppliers
Office Equipment and Supplies	\$500 to \$2,000	As incurred	Prior to Opening	Other suppliers
Insurance Premiums (3)	\$1,700 to \$3,000	As incurred	As Incurred	Approved Supplier
Professional Fees (4)	\$2,000 to \$15,000	As incurred	Prior to Opening	Other suppliers
Initial Inventory (5)	\$5,000 to \$12,000	As incurred	Prior to Opening	Approved and Designated Suppliers
Lease, Utility and Security Deposits	\$1,000 to \$6,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (6)	\$3,000 to \$13,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (7)	\$25,000 to \$125,000	As incurred	Prior to Opening	Other suppliers
Furniture, Fixtures, Equipment and Materials (8)	\$55,000 to \$150,000	As incurred	Prior to Opening	Other suppliers
Signage (9)	\$5,000 to \$15,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits (10)	\$1,500 to \$20,000	As incurred	Prior to Opening	Other suppliers
Additional Funds for First 3 Months (11)	\$5,000 to \$30,000	As incurred	As incurred	Third Parties
TOTAL	\$136,200 to \$428,500	---	---	---

Explanatory Notes to Table:

- (1) Initial Franchise Fee. As described in Item 5, for a first ROSATI'S PIZZA franchise, the initial franchise fee is \$30,000. The discounted initial franchise fee for veterans is \$22,500. For an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$15,000.
- (2) Training Expense. Although there is no charge for the initial training program, you will be responsible for the associated costs and expenses that you and your manager incur during training including, but not limited to, lodging, meals and transportation. (See Item 11). The low estimate assumes you live close enough to the training location to drive from home each day. We will not charge initial training fees if you send more than 2 people to initial training.
- (3) Insurance. You must obtain and maintain certain types and amounts of insurance by a supplier we have approved. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 to 6 months.
- (4) Professional Services. This estimate includes costs for accounting services, architectural design services and legal services. Costs for architectural design services can vary significantly based on the complexity of the design, the local municipality's requirements and restrictions and the duration of the local municipality's permitting, licensing and approval processes. Costs for legal services can vary significantly based on the complexity and duration of the lease and/or contract review processes.
- (5) Initial Inventory. This estimate includes costs for food, non-alcoholic beverages, utensils, packaging and supplies for the first 3 months of operation.
- (6) Initial Rent. The estimate includes rent payments for the first 3 months. The estimate is based on the typical Franchised Business which will occupy approximately 1,200 to 1,600 square feet and will generally be located in a shopping center. The amount that you will pay per square foot may vary greatly upon your location and local market conditions.
- (7) Leasehold Improvements. Leasehold Improvements costs can vary greatly, but can be significantly reduced if you take over a space that has already been built out for a restaurant or if your landlord covers the cost of your build-out as part of your lease. In addition, lower square footage of your space will significantly reduce the leasehold improvement costs. The lower figure represents the estimated initial investment if your space is approximately 1,200 square feet in size with a large portion of the leasehold improvements already included and/or if your landlord does a large portion of your build-out as part of your lease. The higher figure represents the estimated initial investment if your space is approximately 1,600 square feet, if you pay for all leasehold improvements and you purchase everything brand new. Otherwise, the estimated initial investment should be between the lower and higher figures. Required leasehold improvements include plumbing, electrical, HVAC unit(s), painting, flooring, ceiling and wall covering, trim and molding, prep and serving counters, chair rails, countertops and fans.
- (8) Furniture, Fixtures, Equipment and Materials. Furniture, fixtures and equipment costs can vary greatly, but can be significantly reduced if you take over a space with existing restaurant furniture, fixtures and equipment or if your landlord provides some or all of the furniture, fixtures and equipment as part of your lease. The lower figure represents the estimated initial investment if you take over a space that is already furnished with all or most of the required furniture, fixtures and equipment with the intention of converting the business to a Rosati's Pizza carryout/delivery location. The higher figure represents the estimated initial investment if you pay the full purchase prices of all brand new furniture, fixtures and equipment. The estimated initial investment should be between the lower and higher figures if your landlord provides some of the furniture, fixtures and equipment as part of your lease and/or if you purchase some used furniture, fixtures and equipment. Required

furniture, fixtures and equipment includes oven/range/hood, work tables, shelving, refrigerated prep tables, dough roller, food mixer, walk-in cooler/freezer, sinks, display cases and cabinets, prep and serving counters, convection oven, fryer, char broiler, holding hot boxes/plates, smallwares, wall décor, point-of-sale system and audio and video equipment. This estimate also includes initial materials such as front of house decor, menus, window decals and other items bearing the Marks. No additional furniture, fixtures, equipment or vehicles are needed for catering or off-site special events. You may, but are not required to purchase or lease delivery vehicles. The vehicles are owned by delivery drivers in accordance with System Standards contained in the Confidential Operations Manual. We expect that if you propose to lease or own a delivery vehicle, the decision will be made after the Franchised Business is open and operating, in which event, must be in accordance with System Standards.

(9) Signage. Signage costs can vary based on the types and numbers of signs used and/or erected. Types of signage include façade store front signs, monument signs and interior signs. The lower figure represents the estimated initial investment if you pay for the paneling for a monument sign, and if you pay for the cost and installation of a façade store front sign and interior signs. The higher figure represents the estimated initial investment if you pay for the erection of a monument sign (usually associated with an end cap of a retail shopping center) and the associated paneling costs, and if you pay for the cost and installation of multiple façade store front signs and interior signs.

(10) Business Licenses and Permits. Business license, liquor license and permit fees can vary significantly based on the state's and/or local municipality's requirements, restrictions and approval processes.

(11) Additional Funds. This item estimates your expenses during the first 3 months of operation. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of our shareholders and founders opening and operating ROSATI'S PIZZA restaurants since 1964 to compile these estimates.

You should review these figures carefully with professional advisors (like an attorney and accountant) before making any decision to purchase the franchise.

We do not generally offer financing directly or indirectly for any part of the initial investment. We do recommend lenders and attempt to introduce you to them. We do not receive any benefits from these lenders for the recommendation or introduction. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

Amounts paid to us or the Advertising Fund are not refundable. Amounts paid to others may not be refundable.

For a ROSATI'S PIZZA sports pub, your estimated initial investment to open your ROSATI'S PIZZA Franchised Business is as follows:

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$30,000	Lump Sum, certified or cashier's check	Due upon signing the Franchise Agreement	Us
Travel and Living Expenses During Training (2)	\$1,500 to \$7,500	As incurred	Prior to Opening	Other suppliers
Office Equipment and Supplies	\$500 to \$2,500	As incurred	Prior to Opening	Other suppliers
Insurance Premiums (3)	\$2,500 to \$10,000	As incurred	As incurred	Approved supplier
Professional Fees (4)	\$10,000 to \$30,000	As incurred	Prior to Opening	Other suppliers
Initial Inventory (5)	\$12,000 to \$30,000	As incurred	Prior to Opening	Approved and Designated suppliers
Lease, Utility and Security Deposits	\$2,500 to \$20,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (6)	\$12,000 to \$36,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (7)	\$50,000 to \$600,000	As incurred	Prior to Opening	Other suppliers
Furniture, Fixtures, Equipment and Materials (8)	\$125,000 to \$350,000	As incurred	Prior to Opening	Other suppliers
Signage (9)	\$7,000 to \$25,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits (10)	\$2,000 to \$25,000	As incurred	Prior to Opening	Other suppliers
Additional Funds for First 3 Months (11)	\$15,000 to \$75,000	As incurred	As incurred	Third Parties

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
TOTAL	\$270,000 to \$1,241,000	---	---	---

Explanatory Notes to Table:

(1) Initial Franchise Fee. As described in Item 5, for a first ROSATI'S PIZZA franchise, the initial franchise fee is \$30,000. The discounted initial franchise fee for veterans is \$22,500. For an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$15,000.

(2) Training Expense. Although there is no charge for the initial training program, you will be responsible for the associated costs and expenses that you and your manager incur during training including, but not limited to, lodging, meals and transportation. (See Item 11) The low estimate assumes you live close enough to the training location to drive from home each day. We will not charge initial training fees if you send more than 2 people to initial training.

(3) Insurance. You must obtain and maintain certain types and amounts of insurance by a supplier we have approved. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 to 6 months. The estimate includes an amount for dram shop insurance that you will be required to obtain if you sell alcohol.

(4) Professional Fees. This estimate includes costs for accounting services, architectural design services and legal services. Costs for architectural design services can vary significantly based on the complexity of the design, the local municipality's requirements and restrictions and the duration of the local municipality's permitting, licensing and approval processes. Costs for legal services can vary significantly based on the complexity and duration of the lease and/or contract review processes.

(5) Initial Inventory. This estimate includes costs for food, non-alcoholic beverages, alcoholic beverages (if applicable), utensils, packaging and supplies for the first 3 months of operation. The low estimate represents the estimated initial investment if you have seating for 30 customers and the high estimate represents the estimated initial investment if you have seating for 350 customers.

(6) Initial Rent. The estimate includes rent payments for the first 3 months. The estimate is based on the typical Franchised Business which will occupy approximately 2,400 to 3,600 square feet and will generally be located in a shopping center. The amount that you will pay per square foot may vary greatly upon your location and local market conditions.

(7) Leasehold Improvements. Leasehold Improvements costs can vary greatly, but can be significantly reduced if you take over a space that has already been built out for a restaurant or if your landlord covers the cost of your build-out as part of your lease. In addition, lower square footage of your space will significantly reduce the leasehold improvement costs. The lower figure represents the estimated initial investment if your space is approximately 2,400 square feet with a large portion of the leasehold improvements already included and/or if your landlord does a large portion of your build out as part of your lease. The higher figure represents the estimated initial investment if your space is approximately 3,600 square feet, if you pay for all leasehold improvements and if you purchase everything brand new. Otherwise, the estimated initial investment should be

between the lower and higher figures. Required leasehold improvements include plumbing, electrical, HVAC unit(s), painting, flooring, ceiling and wall covering, trim and molding, prep and serving counters, built-in bar(s), chair rails, countertops, fans, and our required décor package.

(8) Furniture, Fixtures, Equipment and Materials. Furniture, fixtures and equipment costs can vary greatly, but can be significantly reduced if you take over a space with existing restaurant furniture, fixtures and equipment or if your landlord provides some or all of the furniture, fixtures and equipment as part of your lease. The lower figure represents the estimated initial investment if you take over a space that is already furnished with all or most of the required furniture, fixtures and equipment with the intention of converting the business to a Rosati's Pizza sports pub. The higher figure represents the estimated initial investment if you pay the full purchase prices of all brand new furniture, fixtures and equipment. The estimated initial investment should be between the lower and higher figures if your landlord provides some of the furniture, fixtures and equipment as part of your lease and/or if you purchase some used furniture, fixtures and equipment. Required furniture, fixtures and equipment includes oven/range/hood, work tables, shelving, refrigerated prep tables, dough roller, food mixer, walk-in cooler/freezer, sinks, display cases and cabinets, prep and serving counters, convection oven, fryer, char broiler, holding hot boxes/plates, smallwares, wall décor, point-of-sale system, audio and video equipment and bar equipment. This estimate also includes initial materials such as front of house decor, menus, window decals and other items bearing the Marks. No additional furniture, fixtures, equipment or vehicles are needed for catering or off-site special events. You may, but are not required to purchase or lease delivery vehicles. The vehicles are owned by delivery drivers in accordance with System Standards contained in the Confidential Operations Manual. We expect that if you propose to lease or own a delivery vehicle, the decision will be made after the Franchised Business is open and operating, in which event, must be in accordance with System Standards.

(9) Signage. Signage costs can vary based on the types and numbers of signs used and/or erected. Types of signage include façade store front signs, monument signs and interior signs. The lower figure represents the estimated initial investment if you pay for the paneling for a monument sign, and if you pay for the cost and installation of a façade store front sign and interior signs. The higher figure represents the estimated initial investment if you pay for the erection of a monument sign (usually associated with a free-standing building or an end cap of a retail shopping center) and the associated paneling costs, and if you pay for the cost and installation of multiple façade store front signs and interior signs.

(10) Business Licenses and Permits. Business license, liquor license, and permit fees can vary significantly based on the state's and/or local municipality's requirements, restrictions and approval processes.

(11) Additional Funds. This item estimates your expenses for the first 3 months of operation. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of our shareholders and founders opening and operating ROSATI'S PIZZA restaurants since 1964 to compile these estimates.

You should review these figures carefully with professional advisors (like an attorney and accountant) before making any decision to purchase the franchise.

We do not generally offer financing directly or indirectly for any part of the initial investment. We do recommend lenders and attempt to introduce you to them. We do not receive any compensation from these lenders for the recommendation or introduction. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

Amounts paid to us or the Advertising Fund are not refundable. Amounts paid to others may not be refundable.

Multi-Unit Development Agreement. If you sign a Multi-Unit Development Agreement, you should anticipate the initial costs listed in the chart above for the opening of the first ROSATI'S PIZZA sports pub or carryout/deliver location (as applicable) plus the Development Fee of \$15,000 times the number of restaurants to be developed after the first one.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products, Distributors and Suppliers. The reputation and goodwill of ROSATI'S PIZZA restaurants is based upon, and can be maintained only by, the sale of distinctive, high quality food products and the presentation, packaging, service and delivery of such products and beverages in an efficient and appealing manner. We have developed various food products, ingredients, spices, seasonings, coatings, beverages and product mixes which will be prepared by or for us according to our secret recipes and formulas. We have developed standards and specifications for other food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at ROSATI'S PIZZA restaurants. We have and will periodically approve suppliers and distributors of these products that meet our standards and requirements, including standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations.

Currently we are not an approved or designated supplier for any goods or services used in the Franchised Business. We do, however, reserve the right to become an approved supplier in the future. In 2020, neither we nor any affiliate derived revenue from purchases or leases by our franchisees. Our officers do not own an interest in any supplier.

Currently, you must: (1) purchase our product mixes and other products developed by us pursuant to a secret recipe or formula, only from us or a designated supplier licensed by us to prepare and sell such products (currently supplied to franchisees by a third party); and (2) purchase from distributors and other suppliers approved by us all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of the food products, and equipment, menus, forms, paper and plastic products, packaging, marketing materials or other materials that meet our standards and specifications for the same. Beginning in 2021, you may be required to purchase all marketing materials with our name and logo from one designated supplier.

We may periodically modify the list of approved brands and/or suppliers, and you must not, after 10 days from receipt in writing of the modification, reorder any brand or from any supplier which is no longer approved. We may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. We may concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of ROSATI'S PIZZA restaurants franchised or operated by us or our related companies.

Alternative Suppliers and Non-Approved Products. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentrate on of purchases, as set forth above in addition to meeting out current standards and specifications, and may be temporary pending a further evaluation of the distributor or other supplier by us. We will determine whether we will issue any of our written standards and specifications to our franchisees and/or suppliers. You must notify us and submit to us the information, specifications, and samples as we request if you propose to purchase any food products, ingredients, spices, seasonings, coatings, mixes, beverages, menus, equipment, forms, paper or plastic products, packaging or other materials from a distributor or other supplier who has not been previously approved by us or that does not meet our current specifications and standards. We may also require on-site investigations of the proposed supplier. We will notify you within a

reasonable time whether you are authorized to purchase such products from the distributor or other supplier. If we do not provide an approval within 30 days your request will be deemed rejected. We will charge you a per diem fee plus reasonable expenses for evaluating your proposed supplier or product. We may revoke our approval of any supplier or product if our requirements are not met. You will cease purchasing from the approved supplier or purchasing the unapproved product within 10 days of receiving our written notice of disapproval.

Collectively, the purchases and leases described above are approximately 70% to 80% of your overall purchases and leases in establishing the Franchised Business and approximately 70% to 80% of your overall purchases and leases in operating the Franchised Business.

We currently negotiate purchasing arrangements with the food and beverage distribution companies from where you currently would purchase your restaurant inventory and supplies. The negotiations cover price terms, adequate supply, delivery and other items. Certain suppliers currently pay us rebates based on franchisee purchases which range from less than 1% to 10% of the amount purchased.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements, with other franchises, with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products and services or use of particular suppliers.

Purchase and Maintain Insurance. You must, at all times during the term of the Franchise Agreement, maintain in force, at your sole expense, insurance coverage as we may, in our sole discretion, prescribe periodically. Currently, we require the following insurance coverage and limits:

General Liability: \$1,000,000 per occurrence/\$2,000,000 aggregate

Hired and non-owned auto liability: \$1,000,000

Worker's Compensation: Minimum \$100,000 each accident/\$100,000 each employee/\$500,000 policy limit, and any other coverage required by law

Liquor liability: \$1,000,000 per occurrence/\$2,000,000 aggregate

Umbrella policy: \$1,000,000 per occurrence/\$1,000,000 aggregate

Employment Practices liability: \$100,000 each event/\$100,000 aggregate

The insurance coverage must be purchased by a supplier approved by us and maintained throughout the franchise term under one or more policies of insurance of the types and containing terms and conditions and minimum liability protection in amounts, as are specified periodically by us. We may periodically increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder must name us (and our officers, directors, shareholders and employees) as additional insureds, contain a waiver by the insurance carrier of all subrogation rights against us, and must provide that we will receive 30 days advance written notice of termination, expiration or cancellation or modification of any policy. Before your commencement of operations, and annually thereafter, within 24 hours of a policy renewal, you agree to furnish to us a copy of the certificate, or other evidence of the insurance, renewal, or extension of each insurance policy, together with evidence of payment of premiums, evidencing the required limits. If you do not maintain insurance as required, we may, at our option and in addition to our other rights and remedies, but will not be obligated to, obtain insurance and keep the same in full force and effect on your behalf, and you must reimburse us for all premiums and other expenses incurred by us in connection with obtaining insurance. In addition, you must indemnify and save us harmless (with counsel acceptable to the Company) from any liability or claim of any type that arises in connection with the operation of your Franchised Business.

Computer System. You must purchase a brand and type of point-of-sale computer system that we specify. If you will be offering our business-to-business catering program, you must use the brand of online catering software that we specify. If in the future we develop customized software for the operation of ROSATI'S

PIZZA franchises, you must purchase and/or license the software from us or a designated supplier.

You must use designated suppliers for point of sale systems, online ordering, gift card and loyalty programs, reputation management programs and other system-wide online programs.

Lease. You must submit the proposed lease for your site to us for approval before you sign it. We may require that the lease contain certain terms and conditions as described in the franchise agreement.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

“MUDA” as used in this table means Multi-Unit Development Agreement.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6.A, C. and E. of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 6.B, C. and E. Sections 7.A. and B. of Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6.B. and E., Sections 7.A. and B. of Franchise Agreement	Items 5, 6, 7, 8 and 11
d. Initial and ongoing training	Sections 5.A., B., C. and D. of Franchise Agreement; Par. 3 of Renewal Addendum	Items 6 and 11
e. Opening	Section 6.B. of Franchise Agreement; Par. 4 of Renewal Addendum	Item 11
f. Fees	Sections 1, 2, 5.A., B., C., D. and F., 6.D. and E., 7 B., J. and L., 8.C., 10.A. and D., 12.B, 15.C. and 16.C. of Franchise Agreement; Par. 1 of Renewal Addendum Section 2 of MUDA	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operations manual	Sections 7 and 11.B. of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 9.E. and 10 of Franchise Agreement Section 6 of MUDA	Items 13 and 14
i. Restrictions on products/services offered	Sections 7.A. of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 7.A., B., C. and D. of Franchise Agreement	Item 8
k. Territorial development and sales quotas	Section 3.B. and 4.C. of Franchise Agreement Section 3 of MUDA	Item 11
l. On-going product/service	Sections 7.L. and 7.O. of	Item 8

Obligation	Section in Agreement	Disclosure Document Item
purchases	Franchise Agreement	
m. Maintenance, appearance and remodeling requirements	Sections 6.D. and F and 7.B. of Franchise Agreement; Par. 6 of Renewal Addendum	Item 8
n. Insurance	Section 7.G. of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Item 6, 7 and 11
p. Indemnification	Sections 7.G., 13.E., 15.F., 17.B. of Franchise Agreement	Items 6, 8 and 13
q. Owner's participation/management/staffing	Sections 7.E. and F. of Franchise Agreement	Item 15
r. Records and reports	Sections 8.A. and B. of Franchise Agreement	Items 6 and 8
s. Inspections and audits	Sections 8.C. and D. of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement Section 8 of MUDA	Items 6 and 17
u. Renewal	Section 12.B. of Franchise Agreement; Par. 5 of Renewal Addendum	Items 6 and 17
v. Post-termination obligations	Section 14 of Franchise Agreement Section 7.4 of MUDA	Item 17
w. Non-competition covenants	Sections 7.H. and 14.C. of Franchise Agreement Section 9 of MUDA	Item 17
x. Dispute resolution	Section 16 of Franchise Agreement Section 12 of MUDA	Item 17
y. Security Interest	Section 7.N. of Franchise Agreement	Not applicable
z. Guaranty of franchisee obligations	Section 20 of Franchise Agreement Section 15 of MUDA	Item 15

ITEM 10

FINANCING

We do not offer a direct or indirect financing program; however, on occasion we offer partial financing of the initial franchisee fee or transfer fee or financing for certain necessary repairs or remodeling costs. Most often this financing is offered to existing franchisees purchasing additional franchises. The financing and the terms of financing are offered on a case-by-case basis after consideration of the particular circumstances. For any financing, execution of an interest-bearing note and personal guaranty are required, with weekly payments to be made over no more than 12 months. Notes can be prepaid at any time. All franchisees sign a Security Agreement attached to the franchise agreement which covers any amounts due and owing to us, including note payments. Liabilities for non-payment include acceleration of the entire amount of the note and all remedies provided for

under the terms of the Franchise Agreement for non-payment of any amounts due to us.

We do not guarantee your note, lease or obligation. We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. We do not receive direct or indirect payments for placing financing.

We do not receive any benefits from lenders that we may recommend or introduce to our franchisees.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Support Services Prior to Opening. Before you open your Franchised Business, we will:

(1) You must select a location for the restaurant. We will furnish to you our current site selection guidelines and criteria, and provide site selection counseling and assistance, including on-site evaluation, as we deem reasonably necessary. We will review your selected site in order to evaluate and approve the location of your Franchised Business within 30 days after you provide us the information about the site. Additional sites are considered until our approval is reached. You must obtain our approval of the site location and the lease. Your failure to obtain our approval of a site location and sign a lease within 120 days of signing the Franchise Agreement may lead to termination of the Agreement (with no refund of any amount paid to us thereunder). (Franchise Agreement 6.A. and 6.C.). The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be 1,200 to 1,600 square feet for a carryout/delivery restaurant and 2,400 to 3,600 square feet for a sports pub. We approve or disapprove locations or leases by a written notice which is delivered to you. We use our reasonable best efforts to deliver this notification to you within 30 days after the location evaluation or lease information is available.

For Multi-Unit Developers, as you establish each location under the Multi-Unit Development Agreement, we will determine whether a site you propose is approved based on our then-current factors site selection guidelines and criteria for approving a site.

You must lease the premises for your location in the form and manner required by us and deliver a copy of the signed lease or sublease (the "Lease") to us immediately after its signing. You must not sign any Lease which has not been approved in writing by us. If you are leasing the location, you must agree that the Lease, in a form satisfactory to us, will (1) provide for notice to us of, and our right (but not obligation) to cure, your default under the Lease within 15 business days after expiration of your cure period; (2) authorize and require the lessor to disclose to us, upon our request, any sales and other information pertaining to the location furnished to the lessor by you; (3) provide that, upon termination or expiration of our Franchise Agreement, we will have the right to receive an assignment or assume the Lease; (4) provide that the lessor has consented to your use of our standard signage for the location according to the specifications in the Franchise Operations Manual; (5) provide that, during the term of the Lease, the premises may only be used for the operation of a ROSATI'S PIZZA; and (6) provide that, upon expiration or termination of the Franchise Agreement, we will have the right to enter the premises in order to remove signage and other items bearing our Marks and otherwise de-identify the premises. You must not sign or agree to any modification of the Lease without our prior approval. You must agree that any new, amended, restated, extended or renewed Lease for the location will include the above terms and conditions required to be included in a Lease for a location.

If you want to relocate, you must notify us in writing 180 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors. Our approval of the location and the Lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the Lease terms. We will not be responsible for the failure of any location approved by us to meet your expectations as to revenue or operational criteria. We recommend that you employ the services of a real estate attorney for legal advice regarding the terms of the Lease. (Franchise Agreement – Sections 6.C. and 6.D.)

(2) Provide you with a list of approved and designated suppliers and specifications as necessary for you to make purchases required to establish and begin operating your ROSATI'S PIZZA restaurant.

(3) Provide an initial training program for the operation of the Franchised Business using the ROSATI'S PIZZA System. (Franchise Agreement - Section 5.A.) (See below.)

(4) Provide pre-opening and opening supervision and assistance by our personnel at your restaurant location. (Franchise Agreement - 5.B.) The initial training program and pre-opening and opening supervision and assistance are not provided if you are a renewing franchisee.

Our Support Services During Operation. During the operation of your Franchise Business, we will:

(1) Provide you, as we determine is necessary, with continuing advisory services by telephone or at our corporate office concerning the operation of your Franchised Business. (Franchise Agreement - Section 5.E).

(2) Furnish you, at your request, and if we deem it to be reasonably necessary, additional assistance beyond our standard support. (Franchise Agreement - Section 5.F.) (See Item 6 above).

(3) Provide you with access to the advertising and marketing materials we may develop ourselves or by using the Advertising Fund fees. (Franchise Agreement - Section 10.A.) (See Item 6 above and Item 11 below).

(4) Loan to you, during the term of the Franchise Agreement, one copy of our Franchise Operations Manual, which may be made up of one or more manuals. The Franchise Operations Manual contains mandatory and suggested specifications, standards, and operating procedures which we prescribe occasionally for ROSATI'S PIZZA Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. The Franchise Operations Manual may be modified periodically to reflect changes in the specifications, standards, operating procedures and other obligations in operating ROSATI'S PIZZA Franchised Businesses. (Franchise Agreement - Section 11.B.) The Franchise Operations Manual currently has 373 pages with Appendices. The Table of Contents of our Franchise Operations Manual, as of the date of this disclosure document, is contained at Exhibit F.

Advertising Fund. We reserve the right to administer an advertising and marketing fund (the "Advertising Fund") for the advertising and marketing programs as we may deem necessary or appropriate. You may be required to contribute to the Advertising Fund 0 to 5% of the Gross Sales of your Franchised Business, as determined by us, payable together with the Royalty Fee due under the Franchise Agreement. (Franchise Agreement - Section 9.A.) (See Item 6 above for the current contribution requirement.). The Advertising Fund was established for the first time in February 2021.

We will direct all advertising and marketing programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation. Currently the source of our marketing and advertising programs is our in-house

personnel and outside parties. The Advertising Fund may be used to pay the costs of preparing advertising materials and administering national, regional and local advertising programs and public relations activities including creating direct mail and media materials, formulating advertising and marketing programs, developing and maintaining website and internet based advertising and marketing programs, developing and maintaining other presence on the Internet, intranet development and ongoing operation, toll-free restaurant locator services and other customer services, employing advertising agencies, providing brochures and other advertising and marketing materials for ROSATI'S PIZZA restaurants, and participating in national or regional trade shows. Currently, the funds are being used to cover the cost of online ordering, gift card and loyalty rewards, and online reputation management programs for all ROSATI'S PIZZA restaurants operated and managed by third parties.

The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries of personnel who manage and administer the Advertising Fund, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Advertising Fund and its advertising and marketing programs including conducting market research, public relations, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all ROSATI'S PIZZA restaurants to the Advertising Fund in that year and the Advertising Fund may borrow from us or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. A report of receipts and disbursements of the Advertising Fund, which may be audited, will be prepared annually by us and will be furnished to you upon written request.

We will have the right to cause the Advertising Fund to be incorporated or operated through an entity separate from us at the time as we deem appropriate, and the entity will have the same rights and duties as we do. Although we will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising that will maximize recognition of the Marks and benefit all ROSATI'S PIZZA restaurants, we undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by ROSATI'S PIZZA restaurants operating in that geographic area or that any ROSATI'S PIZZA restaurants will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising.

We will have the right, in our sole discretion, to suspend contributions to and operation of the Advertising Fund for one or more periods that we determine to be appropriate and the right to terminate the Advertising Fund upon 30 days written notice to you. All unspent monies on the date of termination will be distributed to us, our affiliates and our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding 12 month period. We will have the right to reinstate the Advertising Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days prior written notice to you.

Currently, the ROSATI'S PIZZA restaurants owned by us or the companies related to us by common ownership contribute on the same basis to the Advertising Fund as franchisees.

We do not use any part of the Advertising Fund for advertising that is principally a solicitation for the sale of franchises.

Local Advertising and Promotion.

You must list and advertise the Franchised Business in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within your Protected Area and/or online telephone directory listings, as we specify using our standard forms of listing and advertisements.

All of your advertising, marketing, promotions and media relations, including print, directory advertising, television, radio, the Internet, and use of social media ("Franchisee Advertising"), must be factual and conform to

the highest standards of ethical advertising, be in compliance with all applicable laws, and consistent with our current policies, standards and specifications in the Operations Manual or other writing issued to franchisees. Before you use any Franchisee Advertising not prepared or previously approved by us, the content, design and images of all Franchisee Advertising must be submitted to use for approval. If written disapproval is not received by you within 14 days from the date we receive the materials, we will be deemed to have given the required approval. You must not use any advertising, marketing, promotion or public relations materials or content that we have disapproved.

There are currently no advertising councils. You are not required to participate in any local or regional advertising cooperatives.

Computer. You must keep books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised Business. We require that you use the Arrow point-of-sale (POS) system which we have used since March 2009. This POS system also facilitates the use of gift cards which you are required to offer and accept and online ordering which you are required to offer to customers. The estimated initial cost is \$10,000 to \$20,000 for a carryout/delivery restaurant and \$15,000 to \$35,000 for a sports pub. These prices can be substantially reduced based on the number of stations required. Although we have used this POS system in the past, we do not guarantee their future performance and are not responsible for their service issues. The estimated annual cost for maintenance for the Arrow system is \$1,428.

You must use our designated suppliers for online ordering, gift cards and loyalty rewards programs. Currently, the cost of these programs and payments to the designated suppliers are covered by your monthly Advertising Fund contribution.

Your system must be compliance with the Merchant Payment Card Industry Data Security Standards.

If in the future we develop software customized for ROSATI'S PIZZA restaurants, you will be required to purchase or license and use the customized software in operating the Franchised Business.

You must obtain high-speed access to the Internet for your computer system. You must also maintain a functioning e-mail address for your business, and provide it to us promptly upon signing the Franchise Agreement and if your email address changes. You should check your email on a daily basis, provided, however, that the timeliness of your email review and response must be consistent with reasonable business practices and must not cause us or other franchisees to be unable to communicate with you in a timely manner. In the future, we may require you use a system-wide area computer network, intranet system or extranet system that we implement. If such system is established for the franchise system, you must use it in strict compliance with the standards, protocols and restrictions in the Franchise Operations Manual or otherwise provided to you in writing.

Your POS system collects detailed sales information and other data and can generate various reports. There are no contractual limitations on our right to independent access to information and other data generated by your POS System or any other computer system, software or web based platforms that we may require you to have.

Neither we, nor our affiliate or any third party are obligated to provide maintenance, repairs, upgrades or updates to your computer system. We recommend that you obtain a maintenance contract with a reputable organization for your computer system. You may be required to upgrade or update any computer software program during the term of the Franchise Agreement, and have hardware that will support all required software programs. There are no contractual limitations on the frequency or costs associated with this obligation.

Time Until Commencement of Operation. The typical length of time between the signing of the Franchise Agreement and the start of your Franchised Business is 5 to 10 months. Some of the factors affecting this length of time include obtaining a satisfactory site, negotiating a lease, your financing arrangements,

completion of leasehold improvements, delivery and installation of equipment and signage, weather conditions, employee hiring and training, and your own timetable. You must not open the Franchised Business for business without our prior written approval, otherwise, you must pay us \$500 per day for each day the Franchised Business is open without our approval. (Franchise Agreement – Section 6.B. and E.) We may withhold our written approval if you have not satisfied your pre-opening obligations under the Franchise Agreement, including satisfactory completion of training, completion of build-out following our specifications and purchase and installation of required equipment, point-of-sale and computer system, and inventory. You must provide to us a copy of the fully signed Lease for your restaurant within 120 days after the date of the Franchise Agreement and commence operating the ROSATI'S PIZZA restaurant within 365 days after the date of the Franchise Agreement, otherwise we may terminate the Franchise Agreement immediately upon delivery of notice to you. (Franchise Agreement - Section 6.B.) We will have no obligation to refund any portion of the initial franchise fee.

Training Program. Before the start of your Franchised Business, we will provide up to 30 days of initial training on the operation of a ROSATI'S PIZZA Franchised Business to you and your manager. Although there are no additional fees for this training, you must pay for all travel and living expenses which you and any of your employees incur in connection with training. As part of the opening of your Franchised Business, we will also provide you pre-opening and opening on-the-job supervision and assistance at your restaurant premises for approximately 2 weeks around the time of the opening of your restaurant. Prior to the time our representatives arrive at your Franchised Business, you and your manager must have completed initial training. During pre-opening training, our representatives will assist you in establishing and standardizing procedures and techniques essential to the operation of a ROSATI'S PIZZA restaurant, including facilitating the opening of your Franchised Restaurant, supervising cooking procedures and assisting in training personnel, and as further described in the table above. Certain portions of the Training Program may be altered or eliminated based on your skill sets or if you are purchasing an existing ROSATI'S PIZZA restaurant. You and your manager must pass the training program to our satisfaction. If you do not pass the training program, we can terminate your Franchise Agreement. We encourage you to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your Franchise Agreement because you do not pass the training program. (Franchise Agreement – Section 1.A.)

We expect that initial training will be conducted for you and your managers at a ROSATI'S PIZZA restaurant approximately 6 to 9 months after you sign your Franchise Agreement. You must complete the initial training at least 30 days prior to opening. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. The pre-opening training will be conducted at your store premises near the time of the opening of your restaurant. There currently are no fixed (i.e., monthly or bimonthly) training schedules. As of the date of this disclosure document, the training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training (Note 1)	Hours of On-the-Job Training	Location (Note 2)
Orientation Home Office	6	0	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Pizza Prep	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Pizza Prep Pizza Making	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida

Subject	Hours of Classroom Training (Note 1)	Hours of On-the-Job Training	Location (Note 2)
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
POS Training	0	15	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Kitchen Prep	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Kitchen Prep Kitchen Operations	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Kitchen Prep Kitchen Operations	0	15	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Kitchen Prep Kitchen Operations	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Administrative Training Driver Schedule/Routing	0	14	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH POS Training Server/Bar Training	0	13	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Shift Administrative Work	0	11	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Kitchen Operations	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Pizza Operations	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Closing Procedures	0	12	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
BOH Operations Closing Procedures	0	12	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Operate as Manager Expedite Orders	0	10	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida

Subject	Hours of Classroom Training (Note 1)	Hours of On-the-Job Training	Location (Note 2)
Operate as Manager Expedite Orders	0	12	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
Opening Procedures Final Exam	2	6	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Administrative Training	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
BOH Operations	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Administrative Training	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
BOH Operations	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Administrative Training	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
BOH Operations	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Administrative Training	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
BOH Operations	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida
FOH Operations Administrative Training	0	8	Chicago, Illinois area, Temecula, California, Phoenix, Arizona or Estero, Florida

Notes:

1. Currently hours of Classroom Training occur On-the-Job at a restaurant location.
2. Currently the initial training is conducted at an operating Rosati's Pizza restaurant in these areas. We reserve the right to conduct training at other locations.
3. For franchisees purchasing an existing franchise the training will be conducted at the franchisee's Rosati's Pizza restaurant.

The instructors for training can include any of the following:

Thomas J. Banning II - Mr. Banning has been a Corporate Advisor for us since February 2006. Since 2000, he has been the owner of multiple Rosati's Pizza restaurants.

Ray Czernek –Mr. Czernek has been a Corporate Advisor for us since November 2006 and our Vice President since March 2014. Since 1983, he has been an owner of Rosati's Pizza restaurant businesses.

Edward Mark Suma - Mr. Suma has been a Corporate Advisor for us since November 2006. Since 1999, he has been the owner of a Rosati's Pizza restaurant.

Michael Rosati - Mr. Rosati has been a Corporate Advisor for us since June 2008. Since 2005, he has been a manager and/or owner of Rosati's Pizza restaurants.

Brent Rosati - Mr. Rosati has been a Corporate Advisor for us since 2006. From 1997 to 2005, he was the manager of a Rosati's Pizza restaurant.

Brissa Urbina – Ms. Urbina has 11 years of experience in the food service industry and 2 years of experience in managing multiple Rosati's Pizza restaurants, and has been an owner of a Rosati's Pizza restaurant since February 2018.

Noel Catarina – Mr. Catarina has been one of our Field Operations Managers since September 2015. He has 20 years of prior experience in the food service industry and 2 years of experience managing a Rosati's Pizza restaurant.

Francisco Cervantes - Mr. Cervantes has been one of our Field Operations Managers since September 2016, and he has 15 years of prior experience working at Rosati's Pizza restaurants.

Sharon Rodriguez - Ms. Rodriguez has been a member of our training staff since January 2012, and she has 9 years of experience in managing and owning a Rosati's Pizza restaurant.

Steven Sillin - Mr. Sillin has been a member of our training staff since January 2012, and he has over 9 years of experience in managing and owning Rosati's Pizza restaurants.

Matthew Smith - Mr. Smith has been a member of our training staff since January 2014, and he has 7 years of experience in managing and owning a Rosati's Pizza restaurant.

Anthony S. Rosati - Mr. Rosati has been a member of our training staff since March 2017, and he has 18 years of experience in managing and/or working at multiple Rosati's Pizza restaurants.

Nicolei Rosati – Mr. Rosati has been one of our Field Operations Managers since June 2017. He has 2 years of experience in working at Rosati's Pizza restaurants.

John Sheck - Mr. Sheck has been a member of our training staff since June 2016, has 5 years of experience in managing Rosati's Pizza restaurants, and 8 years of prior experience of owning and managing restaurants.

Marie Jacobs - Ms. Jacobs has been a member of our training staff since June 2016, has 5 years of experience in managing Rosati's Pizza restaurants, and 35 years of prior experience managing restaurants.

Carl Larsen - Mr. Larsen has been a member of our training staff since October 2017, and has 3 years of experience in managing multiple Rosati's Pizza restaurants.

Maren Gustavsen - Ms. Gustavsen has been a member of our training staff since March 2018, and has 3 years of experience in managing multiple Rosati's Pizza restaurants.

Ana Calderon – Ms. Calderon has been a member of our training staff since June 2019. From 2017 to May 2019, she worked as a front of house employee in a Rosati's Pizza restaurant.

Donald Fortin – Mr. Fortin has been a member of our training staff since November 2019. From 1998 to 2019, he managed and owned multiple Papa Saverio's restaurants.

Jose Olmos – Mr. Olmos has been a member of our training staff since November 2020, and has 4 years of experience working at Rosati's Pizza restaurants.

Juan Olmos – Mr. Olmos has been a member of our training staff since November 2020, and has 1 year of experience working at a Rosati's Pizza restaurant.

The Franchise Operations Manual will be used as the principal instructional manuals. Certain portions of the Training Program may be altered or eliminated based upon your skill sets.

Additional and Refresher Training/Conventions. After completing the initial training program, if you request additional training for you or your managers, and if in our discretion we agree to provide it, you must pay our additional training fees. We can also require that you attend additional training and pay our additional training fees if you are not in compliance with the operational requirements under the Franchise Agreement and/or the Franchise Operations Manual. You are also responsible for your and your managers' travel and living expenses you incur while attending the additional training.

If we require, you must attend up to 5 days of refresher training each calendar year in the operations and marketing of the Franchised Business. We may also require you to attend a national business meeting or convention for ROSATI'S PIZZA franchisees for up to 3 days each calendar year at a location we select. The refresher training may take place at the annual convention or business meeting of franchisees or at a different location. (Franchise Agreement – Sections 5.C and 5.D.) We may charge you a fee to attend refresher training and to attend an annual convention. You are responsible for the travel and living expenses you incur while attending refresher training or conventions.

ITEM 12 **TERRITORY**

You must operate the Franchised Business from one specific location. If you do not have an approved location at the time you sign your Franchise Agreement, you must select a location that meets with our approval and sign a lease for such site within 120 day of the date of the Franchise Agreement. Once your location is approved, you are granted a protected area that will be described in an exhibit to the Franchise Agreement ("Protected Area"). For non-urban locations, the Protected Area will be the geographical area within 4 miles of the front door, by road, of the Franchised Business location using the roads in existence at the time of the date of the Franchise Agreement. If your franchise location is in an urban area, the radius of the Protected Area will be up to 2 miles. The size of the Protected Area will be determined by us based on population density, traffic flow, geographical barriers and other considerations. The Protected Area is not computed as a radius, as the crow flies, around the Franchised Business location. It is computed front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of the Franchise Agreement.

As long as the Franchise Agreement is in force and effect and you are not in default under any of the terms, including the Minimum Annual Gross Sales requirements described below, and except for Limited Use Facilities described below, we will not grant a franchise or operate ourselves or through an affiliate any other ROSATI'S PIZZA location within the Protected Area.

We, our affiliates and other ROSATI'S franchisees are allowed to deliver food to customers located within the Protected Area. We, our affiliates and other ROSATI'S franchisees are permitted to advertise and promote

their ROSATI'S restaurants within your Protected Area. We may enfranchise or operate ourselves or through an affiliate any other ROSATI'S PIZZA restaurant anywhere else outside of the Protected Area. We ourselves or through an affiliate may offer and sell at wholesale, retail, or through any other distribution system, products and services which are part of the ROSATI'S PIZZA System, including, proprietary or branded products, which products may be resold at retail or through any other alternate distribution channel under the Marks or other trademarks or service marks, including food stores and other retail facilities, the Internet, and as menu items in other restaurants or food service units. If we sell products or services to customers in your Protected Area through alternate channels of distribution, we have no obligation to compensate you in any way. We may in the future sell proprietary Rosati's food products and apparel on our website. An affiliated company currently distributes frozen Rosati's pizza through retail outlets such as grocery stores. We reserve the right to use or license the Marks and System to engage in any other activities not expressly prohibited by the Franchise Agreement.

Enclosed malls, institutions (such as hospitals), highway toll plazas, airports, parks (including theme parks), sports arenas, convention centers and other facilities or venues where events are scheduled ("Limited Use Facilities") are excluded from your Protected Area. We retain the right to open ourselves or through an affiliate, or to grant a license for others to open, a ROSATI'S PIZZA restaurant at any Limited Use Facilities in order to service the Limited Use Facility. If a Limited Use Facility is granted within your Protected Area, the delivery and service area of the Franchised Business will be automatically adjusted to exclude the Limited Use Facility. Based on our right to establish restaurants in Limited Use Facilities in your Protected Area, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competition brands that we control.

The continuation of the above rights to your Protected Area are dependent upon meeting the minimum gross sales requirements. You must maintain average gross sales of \$25,000 per month for any period of 6 consecutive months ("Minimum Monthly Gross Sales"). If you do not achieve the Minimum Monthly Gross Sales, you have 3 months from the date of notice we deliver to you to increase your Gross Sales so that you meet the Minimum Monthly Gross Sales. If you fail to achieve the Minimum Monthly Gross Sales for the 3 month period from the date of the notice, we can terminate your franchise and/or we can terminate all of your rights to the Protected Area. Thereafter, we may establish or franchise another ROSATI'S PIZZA restaurant in what was previously your Protected Area.

We have used and we and our affiliates reserve the right to use and grant to others the right to use other channels of distribution for distribution of Rosati's products, such as the Internet, catalog sales, telemarketing, or other direct marketing (including without limitation door to door hand delivery of menus and/or flyers), retail stores and food truck operation to make sales of products and services within the Protected Area using the Marks or other marks. There is no compensation that we must pay for soliciting or accepting orders from inside the Protected Area.

We have the right to ourselves or through an affiliate operate or to grant franchises to operate businesses similar to the Franchised Business under different marks at any location within or outside of the Protected Area.

You must offer delivery and catering services in compliance with our System Standards. We have the right to prescribe periodically the boundaries beyond which you may not offer delivery service and the standards and specifications for delivery in order to preserve the quality and freshness of food products when delivered. There is no minimum delivery area.

You also have the right to sell food products and services from temporary locations in the Protected Area (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are referred to as "Off-Premises Sales"), so long as you obtain our prior consent to conduct Off-Premises Sales at each Special Event and make these sales according to our standards and specifications to ensure quality and freshness. Immediately upon learning that a Special Event is scheduled to occur in the Protected Area, whether you learn about it from us or another source, you must notify us of the time, place and nature of the Special Event and any other information that we may

periodically require. Within 5 days of that notice, you must notify us that you wish to conduct the Off-Premises Sales at the Special Event. If you notify us that you wish to conduct the Off-Premises Sales, and if we do not notify you of our disapproval within 10 days of our receipt of your notice, we will be deemed to have given the required consent. If you fail to notify us within the 5 days provided, or if you notify us that you do not wish to conduct Off-Premises Sales at the Special Event, we will have the right to do so. If the Special Event is located in the Protected Area of more than one ROSATI'S PIZZA restaurant, then the restaurant with the highest Gross Sales during the prior twelve months will have a higher priority to conduct Off-Premises Sales at the Special Event.

You must focus your marketing efforts on the business in the Protected Area, but are not prohibited from advertising and promoting your Franchised Business outside of the Protected Area. Similarly, other franchisees can advertise and promote their franchised business within your Protected Area. You are prohibited from selling products or services by the Internet, mail order or catalog without our approval. You may accept orders from consumers outside of your Protected Area. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing (including without limitation door to door hand delivery of menus and/or flyers), to make sales outside of your Protected Area.

See disclosure in Item 13 regarding franchise businesses that are granted a license to operate pizza restaurants under the mark "Rosati's Pizza" by a different franchisor than us.

Except as described below, neither the franchisor nor any affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which sells or will sell goods or services similar to those the franchisee will offer. Vive Bene Enterprises, Inc. is an Illinois corporation related to us by common ownership. It franchises pizza restaurants under the Papa Saverio's trademark which could be located in your Protected Area and which could solicit or accept orders within your Protected Area. The restaurants could be owned by Papa Saverio's franchisees, Vive Bene Enterprises, Inc. or other related companies. We will have sole discretion as to when and how to resolve any conflicts between the franchisors and franchisees and between franchisees of each system regarding territory, customers and franchisor support. Vive Bene Enterprises, Inc.'s principal business address is the same as ours at 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173. We share offices and training facilities. However, Vive Bene Enterprises, Inc. conducts its in-store training at Papa Saverio's restaurants.

If you want to relocate the restaurant, you must notify us in writing 180 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations for restaurants owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors.

On renewal or transfer of a franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or transfer territory smaller than the then-current territory.

You do not receive options, rights of first refusal, or similar rights to acquire additional franchises.

Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, a geographic area is designated within which it is expected you will develop the multiple ROSATI'S PIZZA Restaurants during the term of the Multi-Unit Development Agreement ("Development Area"). The Development Area will be described in Exhibit A to the Multi-Unit Development Agreement. The size of the Development Area will vary and will depend on the number of restaurants you intend to open, our analysis of the market potential and your financial and operational abilities. You will not receive an exclusive Development Area. You may face competition from other franchisee, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If a ROSATI'S PIZZA franchise is granted for a location within the Development Area during the term of the Development Agreement, the royalties being paid by Developer under any existing Franchise Agreements will be reduced by 1% of Gross Sales during the period during which any such Rosati's Pizza Restaurant is operating, and on the condition that Developer is in compliance with the Development Schedule.

As you develop each ROSATI'S PIZZA Restaurant under the Multi-Unit Development Agreement, the Protected Area granted under each Franchise Agreement will be based on our then-current standards for granting protected areas, which may differ from standards for protected areas granted to franchisees under this Disclosure Document.

ITEM 13 **TRADEMARKS**

ROSATI'S PIZZA Service Marks. You may use certain Marks in operating the Franchised Business. The principal Marks to be licensed to you and registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") as of the date of this disclosure document are as follows:

Description of Mark	Registration Number	Registration Date
ROSATI'S PIZZA	1,906,101	July 18, 1995
	1,934,683	November 14, 1995

The service marks above are owned by Rosati's Franchise Systems, Inc. and were licensed to our shareholders in September 1998 for a perpetual term. All required affidavits and renewals have been filed. We and Rosati's Franchise Systems, Inc. claim common law rights in other marks and logos developed by us or RFSI.

You may also use the mark "MyRosati's" and "myrosatis.com" and related designs and "Chicago's Greatest Thin Crust Pizza" which we have developed and use. We claim common law rights in these marks. We do not have a federal registration of this mark. Therefore, this mark does not have many legal benefits and rights as a federally registered trademark. If our right to use this mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There is no pending infringement, opposition or cancellation action, nor any pending material federal or state court litigation regarding the franchisor's use or ownership rights in a trademark.

As described in Item 1, there is a license agreement between Rosati's Franchise Systems, Inc. ("RFSI") and our shareholders by which our shareholders and other Rosati family members were concurrently granted a perpetual, nonexclusive license to use and sublicense the use of the Marks. We have been licensed to use the Marks by our shareholders. You should be aware that the other Rosati's family members who are a party to the license agreement with RFSI have established a franchise company that grants franchisees the license to use these same Marks. However, the license agreement between RFSI and our shareholders and the other Rosati's family members states that no Rosati's Pizza can be less than 5 miles from another Rosati's Pizza restaurant. This 5-mile geographical area is calculated as within 5 miles from your front door, by road, of the Franchised Business. Therefore, there should be no franchise granted by the other Rosati family members that would be located within your 4-mile Protected Area (or smaller area if your Franchised Business is located in an urban area – See Item 12). The license granted to us cannot be canceled or modified except by the agreement of all of the shareholders of RFSI which include our owners. If the license granted to us was cancelled or modified, you would no longer

have the right to use the Marks or your right to use the Marks could be modified.

As described in Item 1, the shareholders of RFSI are obligated to monitor the quality of the products and services offered under the Marks for the protection of the Marks. There may be some variation in the operation of the restaurants, in menu items offered, and in promotions conducted. We do not have the ability to control any Rosati's Pizza restaurant operations under licenses not granted by us.

Except for this license agreement, there are no agreements which significantly limit our right to use or license the use of the principal trademarks in any manner material to the franchise.

Use of Service Marks. You must use the Marks as the sole identification of the Franchised Business, provided that you must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You may not use any Mark or any confusingly similar Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You must, in the manner we prescribe, give notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents must contain the actual name of the person or entity owning the Franchised Business and may contain "d/b/a ROSATI'S PIZZA."

You must not obtain or register any domain names incorporating the Marks. You are prohibited from establishing your own independent website using the Marks. You must not use any of the Marks on the Internet in any directory listing, advertising or any other manner without our prior written consent. You must not make any reference to or any association with the Marks on any social media site, social network, blog, micro-blog, or other online venue or in any other manner on the Internet without our prior written consent. If any use of the Marks on the Internet is specifically permitted in the Operations Manual, you must conform your use completely to all of the applicable standards and procedures in the Operations Manual.

Infringements. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, claim by any person of any rights in any Mark, or any confusingly similar trademark, and you may not communicate with any person other than us and our counsel in connection with the infringement, challenge or claim. We and our affiliates will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or USPTO or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark and you agree to sign any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our or our affiliates' counsel, be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintain our interests in the Marks.

We may in our discretion, but we have no obligation to, indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to this Franchise Agreement, and, if we undertake the defense of the proceeding, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you agree to comply with our instructions within a reasonable time after notice by us, and our sole obligation in any event will be to reimburse you for your out-of-pocket costs of complying with this obligation.

We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark.

Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, you are not granted the right to use the Marks. All of the rights to use the Marks are derived solely by entering into a Franchise Agreement with us. Under the Multi-Unit Development Agreement, you will have no right to license others to operate a business using our System or Marks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or registered copyrights are material to the franchise. We and our affiliates claim copyright protection of our Franchise Operations Manual and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Franchise Operations Manual and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There are no currently effective material determinations of the USPTO, the United States Copyright Office, or a court regarding the copyrighted materials. There are no agreements that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will respond to this information as we deem appropriate. There are no infringing uses known to us which would materially affect your use of the proprietary and/or copyrighted materials.

You will be entitled to use of the copyrighted and proprietary materials and other confidential information of the ROSATI'S PIZZA System during the term of the franchise. You must maintain the absolute confidentiality of all such materials and information, and not disclose any, such materials and information during and after the term of the Franchise Agreement. You must only use the proprietary and confidential materials and information as specifically authorized by us. You must require all of your personnel having access to these materials and information to sign a confidentiality and non-competition agreement in the form prescribed by us.

If you, your owners, managers or employees develop any ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements relating to the Franchised Business, you agree to disclose that information to us and all of that information will become part of our confidential information. You must also assure that all corresponding intellectual property rights are assigned to us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION

OF THE FRANCHISE BUSINESS

You must participate personally in the direct operation of the Franchised Business. We strongly recommend your personal, on-premises supervision of the Franchised Business. However, if you do not personally supervise the operation of the Franchised Business, then you must employ a manager to assist you or your managing shareholder or member or partner in operating the Franchised Business and provide us with the manager's name. All managers must pass the initial training program to our satisfaction and sign a confidentiality and non-competition agreement in the form we prescribe. We do not require the on-premises supervisor to have an equity interest in the Franchised Business.

If you are an entity, your owners must personally guarantee your obligations under the Franchise Agreement, and must agree to be bound by, and personally liable for the breach of, every provision in the Franchise 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 the preservation of the confidentiality of our confidential information and compliance with the covenants not to compete. The Guaranty and Assumption of Obligations you must sign is attached as an exhibit to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services which we have approved. You must also offer all goods and services that we designate. All goods and services provided by you must be presented in accordance with our System Standards. If we believe in good faith any product offered by you may be unhealthy, unsafe or unsanitary, and we request that you discard it, you must do so immediately. We have the right to change the types of authorized goods or services. There are no specific limitations in the Franchise Agreement on this right. If we discontinue any previously authorized good or service, you must cease offering such good or service from the Franchised Business.

We do not impose any restrictions or conditions that limit your access to customers. (See Items 8, 9 and 12.) You can deliver food to customers outside of your Protected Area and other ROSATI's franchisees can deliver food to customers within your Protected Area.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 12.A.	20 years
b. Renewal or extension of the term	Section 12.B.	If you have substantially complied with the Franchise Agreement, you can renew for a successive additional 10 year term.
c. Requirements for franchisee to renew or extend	Section 12.B.	Provide timely written notice of intent to renew, sign new franchise agreement and general release, pay renewal fee, be current in payments to us, prove right to maintain leased premises, attend additional training programs or refresher courses, refurbish or remodel the premises, and replace the vehicles and equipment to be in compliance with our then current standards. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you must sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as

Provision	Section in franchise or other agreement	Summary
		different fee requirements and territorial rights, plus a renewal addendum.
d. Termination by franchisee	Section 13.A.	If you are in compliance and we breach a material provision of the Franchise Agreement, and do not cure within a reasonable time, which in no event will be less than 90 days, after your notice to us, you may terminate 10 days after delivery of notice of termination, subject to applicable state law.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Sections 13.B., C. and D.	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Sections 13.C.	You have 10 days to cure for non-payment of sums to us, affiliates or suppliers; 30 days for failure to submit reports or financial data; 3 months to cure failure to meet Minimum Annual Gross Sales requirements; 30 days for all other curable breaches of the Franchise Agreement or the Franchise Operations Manual or other System standards.
h. "Cause" defined – non-curable defaults	Section 13.A. and D.	Non-curable defaults: misrepresentations on application; failure to pass the training program; failure to locate a site and obtain our approval of the site and to provide us with a copy of your fully signed lease within 120 days after the date of the Franchise Agreement; failure to commence operating the ROSATI'S PIZZA restaurant within 365 days after the date of the Franchise Agreement; insolvency; abandonment; termination of lease; under reporting Gross Sales twice in a two year period; conviction of a felony; impairment of Marks or System; loss of business license; unsafe business operation; unauthorized transfer; breach of other agreements with us or our affiliates; repeated non-sufficient funds checks or defaults even if cured; and violation of any anti-terrorism laws.
i. Franchisee's obligations on termination/non-renewal	Section 14	Cease operating, pay amounts owed; return the Franchise Operations Manual and Software Program and return or destroy all other materials; stop using Marks, System and confidential information; de-identify yourself from us; cancel assumed names; return to us any ROSATI'S PIZZA signs; provide us with the available names, addresses, and telephone numbers of all

Provision	Section in franchise or other agreement	Summary
		customers; assign to us your telephone and facsimile numbers, and e-mail and internet addresses, websites, domain names and search engine identifiers; assign your lease to us at our option; adhere to non-competition provisions. (also see r, below)
j. Assignment of contract by franchisor	Section 15.A.	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 15.B.	Includes any type of transfer of the Franchise Agreement or assets of the Franchised Business or any ownership change.
l. Franchisor approval of transfer by franchisee	Section 15.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 15.C.	Transferee qualifies and has no competing interest; we receive and approve purchase terms; all amounts due are paid in full; you are not in default under Franchise Agreement or other agreements with us; the transferee complies with and completes training requirements; you hire an escrow agent approved by us; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment, if necessary; general releases signed; and right of first refusal declined by us. (Also see r below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.E.	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.
o. Franchisor's option to purchase franchisee's business	Section 14.B.	Option to purchase all equipment, supplies, inventory, advertising materials and any items with our logo, for cash at fair market value, exercisable up to 90 days after termination or expiration. If no agreement on fair market value, an appraiser appointed by mutual agreement will decide. We can set off amounts you owe us against the purchase price.
p. Death or disability of franchisee	Section 15.F.	Franchisee must assign franchise to an approved buyer within 180 days. All transfer provisions of Section 8 apply.
q. Non-competition covenants during the term of the franchise	Section 7.H.	No ownership interest or participation in any restaurant featuring pizza or other food items on the then current ROSATI'S PIZZA menu, including any ROSATI'S PIZZA restaurant not licensed by us, nor an organization

Provision	Section in franchise or other agreement	Summary
		franchising a similar business. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.C.	No ownership interest or participation in any restaurant featuring pizza or other food items on the then current ROSATI'S PIZZA menu for 2 years within 20 miles of your former restaurant location, or within 20 miles of any other ROSATI'S PIZZA restaurant, including any ROSATI'S PIZZA restaurant not licensed by us. No organization franchising a similar business for 2 years. No diversion of business to competitor or solicitation or acceptance of business from former customers for 2 years. No solicitation or employment of any current or former employees or subcontractors of you, us or any other ROSATI'S PIZZA restaurant for 2 years. Non-competition provisions are subject to state law.
s. Modification of the agreement	Sections 11.B. and 18.M.	Modification by written agreement signed by you and us. The Franchise Operations Manual can be revised and modified by us.
t. Integration/merger clause	Section 18.M.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 16.A., B. and C.	Except for certain claims, mandatory mediation before initiating an arbitration proceeding, subject to applicable state law. You waive the right to bring a class-wide arbitration.
v. Choice of forum	Section 16.C.	Arbitration must be in the Chicago, Illinois metropolitan area. Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law).
w. Choice of law	Section 16.C.	Except for applicable federal law, Illinois law applies (subject to state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in the Exhibit H State Addendum.

This table lists certain important provisions of the Multi-Unit Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in MUDA	Summary
a. Length of term of the agreement	Section 4	Agreement expires on our acceptance and execution of the Franchise Agreement for the last franchise to be developed.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for you to renew or extend	Not applicable	Not applicable
d. Termination by you	Not applicable	Not applicable
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Section 7	We can terminate if you commit a listed violation.
g. "Cause" defined - defaults which can be cured	Section 7	Not applicable
h. "Cause" defined - defaults which cannot be cured	Section 7	Bankruptcy or similar proceeding, failure to comply with development schedule, breach of the agreement, unauthorized transfer, breach of any Franchise Agreement.
i. Your obligations on termination/non-renewal	Section 7.4	No further right to develop; however, termination does not affect existing franchise agreements.
j. Assignment of contract by us.	Section 8.1	We have an unrestricted right to assign.
k. "Transfer" by you – definition	Section 8.2	Include transfer of any interest in the MUDA or in the Developer.
l. Our approval of transfer by you	Section 8.2	Only if consented to by us in writing in advance. We may withhold our consent in our sole discretion.
m. Conditions for our approval of transfer	Not applicable	Not applicable
n. Our right of first refusal to acquire your business	Not applicable	Not applicable
o. Our option to purchase your business	Not applicable	Not applicable
p. Your death or disability	Not applicable	Not applicable
q. Non-competition covenants during the term of the agreement	Section 6.4	No involvement in a similar business or with a business granting franchises for similar businesses; subject to applicable state law.

Provision	Section in MUDA	Summary
r. Non-competition covenants after the agreement is terminated or expires	Section 9	For 2 years after termination or expiration of the MUDA you will not have any interest in a similar business with the Development Area or within 20 miles of any existing ROSATI'S PIZZA Restaurant except under a Franchise Agreement with us. For 2 years, you will not divert customers to competitive businesses or employ any of our or our affiliates' employees, or sell products and services; subject to applicable state law.
s. Modification of the Agreement	Section 13.4	No modifications unless in writing and signed.
t. Integration/merger clause	Section 13.4	Only the terms of the MUDA are binding (subject to state law). Any representations or promises outside of the disclosure document and MUDA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, mandatory mediation before initiating an arbitration proceeding; subject to applicable state law.
v. Choice of forum	Section 12.4	Arbitration must be in the Chicago, Illinois metropolitan area. Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law).
w. Choice of law	Section 12.4	Except for applicable federal law, Illinois law applies (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

AVERAGE GROSS SALES

OF 3 ROSATI'S PIZZA AFFILIATE-OWNED SPORTS PUBS FOR 2020

The following is a statement of the average gross sales of 3 ROSATI'S PIZZA affiliate-owned sports pubs for the calendar year 2020. For purposes of this financial performance representation, a ROSATI'S PIZZA affiliate-owned

sports pub has full table service and dine-in seating, a bar, a décor package approved by us, a menu that includes food, non-alcoholic beverages, beer, wine, and in some cases, hard liquor, and offers carryout and delivery services. You should only rely on this section of the financial performance representation if you intend to establish a franchised sports pub.

As of December 31, 2020, we had 153 franchised and affiliate-owned ROSATI'S PIZZA sports pubs and carryout/delivery restaurants in operation. Of these 153 restaurants, 3 restaurants were operating as affiliate-owned sports pubs as defined above.

The information was compiled from gross sales reporting by the restaurant owners on the web-based point of sale system to which we have access. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted for each of these restaurants.

Gross Sales as used in this financial performance representation means the total gross sales derived from the operation of the restaurant in 2020 from all sales of food and beverages (non-alcoholic and alcoholic) made in, upon or from the restaurant, whether for cash, check, credit or otherwise, less sales tax collected from customers and paid to the applicable tax authorities, coupons and discounts to customers, and delivery charges collected and paid to the delivery drivers were not included in Gross Sales. No other offsets were made to the total gross sales numbers reported on the point-of-sale system.

Average Gross Sales of 3 Affiliate-Owned Sports Pubs	# of Restaurants meeting or exceeding the average	Percentage of Restaurants meeting or exceeding the average	Range of Gross Sales of the 3 Affiliate-Owned Sports Pubs	Median of Gross Sales of the 3 Affiliate-Owned Sports Pubs
\$1,442,678	1	33%	\$937,957 to \$2,412,143	\$977,933

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

See Explanatory Notes below.

AVERAGE GROSS SALES **OF 37 ROSATI'S PIZZA FRANCHISED SPORTS PUBS FOR 2020**

The following is a statement of the average gross sales of 37 ROSATI'S PIZZA franchised sports pubs for the calendar year 2020. For purposes of this financial performance representation, a ROSATI'S PIZZA franchised sports pub has full table service and dine-in seating, a bar, a décor package approved by us, a menu that includes food, non-alcoholic beverages, beer, wine, and in some cases, hard liquor, and offers carryout and delivery services. You should only rely on this section of the financial performance representation if you intend to establish a franchised sports pub.

As of December 31, 2020, we had 153 franchised and affiliate-owned ROSATI'S PIZZA sports pubs and carryout/delivery restaurants in operation. Of these 153 restaurants, 43 restaurants were operating as franchised sports pubs as defined above. 5 of the 43 franchised sports pubs were not included in this average because they had not been in operation for all 12 months of 2020 and 1 of the 43 franchised sports pubs was not included in this average because it did not submit gross sales information on the web-based point of sale system, so we did not have the required financial data to include them.

The information was compiled from gross sales reporting by the restaurant owners on the web-based point of sale system to which we have access. This information has not been audited and we have not taken any steps to

independently verify the accuracy of the information submitted for each of these restaurants.

Gross Sales as used in this financial performance representation means the total gross sales derived from the operation of the restaurant in 2020 from all sales of food and beverages (non-alcoholic and alcoholic) made in, upon or from the restaurant, whether for cash, check, credit or otherwise, less sales tax collected from customers and paid to the applicable tax authorities, coupons and discounts to customers, and delivery charges collected and paid to the delivery drivers were not included in Gross Sales. No other offsets were made to the total gross sales numbers reported on the point of sale system.

Average Gross Sales of 37 Franchised Sports Pubs	# of Restaurants meeting or exceeding the average	Percentage of Restaurants meeting or exceeding the average	Range of Gross Sales of the 37 Franchised Sports Pubs	Median of Gross Sales of the 37 Franchised Sports Pubs
\$962,633	14	38%	\$311,324 to \$2,194,800	\$834,569

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

See Explanatory Notes below.

AVERAGE GROSS SALES
OF 4 ROSATI'S PIZZA CARRYOUT/DELIVERY AFFILIATE-OWNED RESTAURANTS
FOR 2020

The following is a statement of the average gross sales of 4 ROSATI'S PIZZA carryout/delivery affiliate-owned restaurants for the calendar year 2020. You should only rely on this section of the financial performance representation if you intend to establish a carryout/delivery affiliate-owned restaurant.

As of December 31, 2020, we had 153 franchised and affiliate-owned ROSATI'S PIZZA sports pubs and carryout/delivery restaurants in operation. Of these 153 restaurants, 5 restaurants were operating as carryout/delivery affiliate-owned restaurants. 1 of the 5 carryout/delivery affiliate-owned restaurants was not included in this average because it did not submit gross sales information on the web-based point of sale system, so we did not have the required financial data to include them.

The information was compiled from gross sales reporting by the restaurant owners on the web-based point of sale system to which we have access. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted for each of these restaurants.

Gross Sales as used in this financial performance representation means the total gross sales derived from the operation of the restaurant in 2020 from all sales of food and beverages made in, upon or from the restaurant, whether for cash, check, credit or otherwise, less sales tax collected from customers and paid to the applicable tax authorities, coupons and discounts to customers, and delivery charges collected and paid to the delivery drivers were not included in Gross Sales. No other offsets were made to the total gross sales numbers reported on the point of sale system.

Average Gross Sales of 4 Carryout/Delivery Affiliate-Owned Restaurants	# of Restaurants meeting or exceeding the average	Percentage of Restaurants meeting or exceeding the average	Range of Gross Sales of the 4 Carryout/Delivery Affiliate-Owned Restaurants	Median of Gross Sales of the 4 Carryout/Delivery Affiliate-Owned Restaurants
\$1,001,252	2	50%	\$630,328 to \$1,468,759	\$952,961

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

See Explanatory Notes below.

AVERAGE GROSS SALES
OF 90 ROSATI'S PIZZA CARRYOUT/DELIVERY FRANCHISED RESTAURANTS FOR 2020

The following is a statement of the average gross sales of 90 ROSATI'S PIZZA carryout/delivery franchised restaurants for the calendar year 2020. You should only rely on this section of the financial performance representation if you intend to establish a carryout/delivery franchised restaurant.

As of December 31, 2020, we had 153 franchised and affiliate-owned ROSATI'S PIZZA sports pubs and carryout/delivery restaurants in operation. Of these 153 restaurants, 101 restaurants were operating as carryout/delivery franchised restaurants. 6 of the 101 carryout/delivery franchised restaurants were not included in this average because they had not been in operation for all 12 months of 2020 and 5 of the 101 carryout/delivery franchised restaurants were not included in this average because they did not submit gross sales information on the web-based point of sale system, so we did not have the required financial data to include them.

The information was compiled from gross sales reporting by the restaurant owners on the web-based point of sale system to which we have access. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted for each of these restaurants.

Gross Sales as used in this financial performance representation means the total gross sales derived from the operation of the restaurant in 2020 from all sales of food and beverages made in, upon or from the restaurant, whether for cash, check, credit or otherwise, less sales tax collected from customers and paid to the applicable tax authorities, coupons and discounts to customers, and delivery charges collected and paid to the delivery drivers were not included in Gross Sales. No other offsets were made to the total gross sales numbers reported on the point-of-sale system.

Average Gross Sales of 90 Carryout/Delivery Franchised Restaurants	# of Restaurants meeting or exceeding the average	Percentage of Restaurants meeting or exceeding the average	Range of Gross Sales of the 90 Carryout/Delivery Franchised Restaurants	Median of Gross Sales of the 90 Carryout/Delivery Franchised Restaurants
\$702,007	33	37%	\$60,890 - \$2,500,382	\$565,348

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Explanatory Notes for all of the above financial performance representations:

The following should be considered in reviewing and determining whether to rely on these figures.

1) The 3 affiliate-owned sports pubs included in the average have been in operation as a ROSATI'S PIZZA restaurant for a period of time ranging from 20 years, 1 month to 36 years. However, all of the restaurants converted to an affiliate-owned sports pub after having initially operated as a carryout/delivery affiliate-owned restaurant. The range of time that these 3 restaurants have been operating as franchised sports pubs as of December 31, 2020 is from 3 years to 10 years, 5 months.

The 37 franchised sports pubs included in the average have been in operation as a ROSATI'S PIZZA restaurant for a period of time ranging from 1 year, 8 months to 26 years. However, 11 of the restaurants converted to a franchised sports pub after having initially operated as a carryout/delivery franchised restaurant. The range of time that these 11 restaurants have been operating as franchised sports pubs as of December 31, 2020 is from 1 year to 10 years, 9 months.

The carryout/delivery affiliate-owned restaurants included in the average have been in operation as a ROSATI'S PIZZA restaurant as of December 31, 2020 for a period of time ranging from 14 years to 29 years.

The carryout/delivery franchised restaurants included in the average have been in operation as a ROSATI'S PIZZA restaurant as of December 31, 2020 for a period of time ranging from 1 year, 3 months to 56 years.

A newly established restaurant without brand recognition in the local market or a customer base cannot expect to initially experience the same level of gross sales as the gross sales of established businesses.

2) Based on the restaurants excluded for the reasons described above, this financial performance representation is based on 100% of the affiliate-owned sports pubs in operation as of December 31, 2020; 86% of the franchised sports pubs in operation as of December 31, 2020; 80% of the carryout/delivery affiliate-owned restaurants in operation as of December 31, 2020; and 89% of the carryout/delivery franchised restaurants in operation as of December 31, 2020.

3) Of the restaurants included in the data above, 67% of the affiliate-owned sports pubs, 43% of the franchised sports pubs, 75% of the affiliate-owned carryout/delivery restaurants, and 62% of the franchised affiliate-owned carryout/delivery restaurants are located in the greater Chicago, Illinois area where the brand was first established in 1964.

4) This financial performance representation does not include information concerning profits that may be realized in the operation of a ROSATI'S PIZZA affiliate-owned sports pub. Profits in the operation of a ROSATI'S PIZZA sports pub will vary from restaurant to restaurant and from location to location and are dependent upon numerous factors beyond our control.

5) Factors which may cause material differences in the gross sales of a ROSATI'S PIZZA franchised sports pub include but are not necessarily limited to the following:

- * Management and business experience of the franchise owner and the amount of time the franchise owner spends working in the business
- * Length of time the restaurant has been in operation at the location
- * How closely the ROSATI'S PIZZA System, including recipes, are followed
- * Quality of customer service
- * Quality of products prepared

- * Size of premises and amount of seating
- * Prices charged to customers
- * Whether hard liquor is sold
- * Average time to deliver product to customer
- * Location, visibility and accessibility of the restaurant
- * Local demographic factors, including population density and income
- * Local competition
- * Marketing and promotional efforts of the owner

Written substantiation of the data used in preparing this financial performance representation will be made available to prospective franchisees on reasonable request.

Not included in this financial performance representation is any data on affiliate-owned or franchised units that were operating on January 1, 2020 but were no longer operating as of December 31, 2020.

We urge you to consult with appropriate financial, business and/or legal advisors to conduct your own analysis of the information contained in this financial performance representation.

This financial performance representation does not include any information on expenses or costs that you are likely to incur in operating a ROSATI'S PIZZA restaurant. In connection with the operation of a ROSATI'S PIZZA restaurant, you will incur food and beverage costs, labor costs, occupancy costs (such as rent or mortgage payments), utilities, royalty and advertising payments to us, advertising and promotional expenses, office and administrative expenses, legal and accounting expenses, insurance expenses, equipment and premises maintenance expenses, taxes, reimbursement to employees for auto expense, various other general and miscellaneous expenses, debt service and owner's draw. This is not an all-inclusive list of expenses. Expenses in the operation of a ROSATI'S PIZZA restaurant will vary from franchisee to franchisee and from location to location, and are dependent upon the type of ROSATI'S PIZZA restaurant established and numerous factors beyond our control.

We do not make any other 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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Anthony Rosati, Rosati's Franchising, Inc., 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173, (847) 426-8899, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2018 to 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	126	133	+7
	2019	133	134	+1
	2020	134	145	+11
Affiliate-Owned	2018	13	12	-1
	2019	12	11	-1
	2020	11	8	-3
Total Outlets	2018	139	145	+6
	2019	145	145	0
	2020	145	153	+8

Table 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2018 to 2020

State	Year	Number of Transfers
Arizona	2018	2
	2019	4
	2020	3
Florida	2018	0
	2019	1
	2020	1
Georgia	2018	0
	2019	1
	2020	0
Illinois	2018	2
	2019	5
	2020	2
Nevada	2018	0
	2019	0
	2020	0
Texas	2018	0
	2019	1
	2020	0
Wisconsin	2018	1
	2019	0
	2020	3
Total	2018	5
	2019	12
	2020	9

Table 3
Status of Franchise Outlets
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Arizona	2018	23	0	1	0	0	0	22
	2019	22	0	0	0	0	4	18
	2020	18	1	0	0	0	0	19
California	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Colorado	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	4	2	0	0	0	0	6
	2019	6	3	0	0	0	0	9
	2020	9	1	0	0	0	0	10
Georgia	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Illinois	2018	69	7	0	0	0	2	74
	2019	74	2	0	0	0	3	73
	2020	73	8	0	0	0	1	80
Indiana	2018	4	2	0	0	0	0	6
	2019	6	1	0	0	0	1	6
	2020	6	1	1	0	0	0	6
Iowa	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kansas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Missouri	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Nebraska	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Nevada	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
North Carolina	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	1	1
	2020	1	0	0	0	0	0	1
Texas	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	1	1	2
	2020	2	2	0	0	0	0	4
Wisconsin	2018	11	0	0	0	0	2	9
	2019	9	1	0	0	0	0	10
	2020	10	0	0	0	0	1	9

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Totals	2018	126	12	1	0	0	4	133
	2019	133	12	0	0	1	10	134
	2020	134	14	1	0	0	2	145

Table 4
Status of Affiliate-Owned Outlets
For Years 2018 to 2020

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Illinois	2018	10	0	0	0	1	9
	2019	9	0	0	0	1	8
	2020	8	0	0	0	2	6
Kansas	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	1	0
Nevada	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
Texas	2018	0	0	0	0	0	0
	2019	0	1	0	1	0	0
	2020	0	0	0	0	0	0
Totals	2018	13	0	0	0	1	12
	2019	12	1	0	1	1	11
	2020	11	0	0	0	3	8

Table 5
Projected Openings
As of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Arizona	3	3	1
Florida	0	2	0
Georgia	2	0	0
Illinois	7	5	0
Indiana	1	0	0
Minnesota	1	0	0
Mississippi	1	0	0
Texas	1	2	0
Wisconsin	1	1	0
Total	17	13	1

The exhibits in Exhibit C provide franchisee information:

Exhibit C-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchised Businesses as of December 31, 2020.

Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses which are not yet operational as of December 31, 2020.

Exhibit C-3 lists the name, city and state and current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet transferred, terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the year ended December 31, 2020, or who has not communicated with us within ten weeks of the disclosure document issuance date.

Exhibit C-4 lists operating restaurants owned and operated by affiliated entities as of December 31, 2020.

As of December 31, 2020, we had 2 Developers.

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

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us. More specifically, we have signed confidentiality clauses with former franchisees in termination agreements restricting the parties from discussing the terms of termination.

There is no trademark-specific franchisee organization associated with the franchise system which the franchisor has created, sponsored or endorsed. There is no independent trademark-specific franchisee organization which has asked to be included in the disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal year ending December 31, 2020 and December 31, 2019; and our audited financial statements for the fiscal years ended December 31, 2019 and December 31, 2018.

ITEM 22

CONTRACTS

Exhibit E contains the Franchise Agreement with the following exhibits:

- Exhibit A Franchise Location and Protected Area
- Exhibit B Security Agreement
- Exhibit C Statement of Owners, Officers and Managers
- Exhibit D Guaranty and Assumption of Obligations
- Exhibit E Conditional Assignment of Telephone Numbers and Social Media Accounts
- Exhibit F Addendum to Franchisee's Lease Agreement
- Exhibit G EFT Authorization Form

If your state requires us to sign an Addendum to your Franchise Agreement, it will be in Exhibit H.

If you are an existing franchisee renewing your franchise, you will sign the Renewal Addendum at Exhibit I to this Disclosure Document along with the Franchise Agreement. The Renewal Addendum is subject to change

and not necessarily the form of Renewal Addendum that will be in effect when a franchisee signing now comes up for renewal.

If you are a Developer, you will sign the Multi-Unit Development Agreement at Exhibit J.

You must complete and sign the Exhibit G Franchisee Acknowledgement Questionnaire before you sign the Franchise Agreement.

ITEM 23

RECEIPTS

The last two pages of this disclosure document contain detachable documents acknowledging your receipt of the disclosure document. One copy of the receipt should be executed by you and returned to us, and the other is for your files. The receipt is signed by a representative agent of prospective franchisees.

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS

California

Department of Financial Protection
and Innovation
State of California
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866)275-2677

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
P.O. Box 30212
Lansing, Michigan 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

Office of the New York Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

North Dakota

Office of Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol
Fifth Floor, Dept. 404
Bismarck, ND 58505-0510
(701)328-4712

Rhode Island

Securities Division
Department of Business Regulations
State of Rhode Island
1511 Pontiac Avenue
John Q. Pastore Complex, Bldg. 69-1
Cranston, Rhode Island 02920
(401) 222-3048

South Dakota

Director
Division of Insurance
Securities Regulation
Department of Labor and Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3653

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Director of Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Administrator of Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703
(608) 267-9140

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

California

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

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Minnesota

Commission of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East
St. Paul, Minnesota 55101

Illinois

Illinois Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

New York

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

Indiana

Secretary of State
State of Indiana
201 Statehouse
Indianapolis, Indiana 46204

North Dakota

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

Maryland

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

Rhode Island

Director of Business Regulation
Department of Business Regulation
Divisions of Securities
1511 Pontiac Avenue
John Q. Pastore Complex, Bldg. 69-1
Cranston, Rhode Island 02920

South Dakota

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

Virginia

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

Washington

Director of Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

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

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C-1: OPERATING FRANCHISES

EXHIBIT C-2: FRANCHISES NOT YET OPERATING

EXHIBIT C-3: FORMER FRANCHISEES

EXHIBIT C-4: OPERATING AFFILIATE-OWNED UNITS

EXHIBIT C-1: OPERATING FRANCHISES AS OF 12/31/20

ARIZONA

Bryon Elsberry and Shane Elsberry
3668 W. Anthem Way, #A128
Anthem, AZ 85086 (623) 551-8545

Dennis Kindred
1729 N. Dysart Rd., Ste. B107
Avondale, AZ 85392 (602) 455-1000

Jason Clouse
28325 N. Tatum Blvd., #7
Cave Creek, AZ 85331 (480) 538-5380

Tyler Pence
3120 S. Gilbert Rd., #2
Chandler, AZ 85286 (480) 883-0333

Gilbert Leslie
12605 N. Saguaro Blvd., #4
Fountain Hills, AZ 85268 (480) 836-8400

James Saris
53 N. Val Vista Dr., #106
Gilbert, AZ 85234 (480) 633-3000

Sherry Robertson
6900 E. Highway 60, #115
Gold Canyon, AZ 85118 (480) 983-7400

Raymond Czernek¹
91 London Bridge Rd.
Lake Havasu City, AZ 86403 (928) 855-8665

Daniel Cortes, Nathaniel Cortes and Veronica Cortes
1035 N. Ellsworth Rd., Ste. C104
Mesa, AZ 85207 (480) 986-1600

Patrick Bush and Jeanette Bush
12152 N. Rancho Vistoso Blvd., #C170
Oro Valley, AZ 85755 (520) 229-0083

Rogelio Flores and Raquel Flores
10651 W. Olive Ave., #105
Peoria, AZ 85345 (623) 878-8558

John Stanley
2320 E. Baseline Rd., #158
Phoenix, AZ 85042 (602) 276-8200

Michael Clark and Radford Clark
4010 E. Bell Rd., #101
Phoenix, AZ 85032 (602) 996-1110

Khiyyam Fazal
4041 E. Thomas Rd., #110
Phoenix, AZ 85018 (602) 381-0009

Merrick Okamoto and Peter Benz
2737 W. Thunderbird Rd., #102
Phoenix, AZ 85053 (602) 978-0007

Juan Torres
602 W. Union Hills Dr., #1
Phoenix, AZ 85027 (623) 581-1112

Sheri Stanford, Kyle Stanford and Lorissa Paige Stanford
10855 N. 116th St., #140
Scottsdale, AZ 85259 (480) 551-7000

Thomas Trush
10989 E. Dynamite Blvd., #102
Scottsdale, AZ 85262 (480) 513-2552

Patrick Bush and Jeanette Bush
2944 W. Ina Rd.
Tucson, AZ 85741 (520) 531-1100

CALIFORNIA

Marcey Tallian and Melody Johnson
337 N. El Camino Real
Encinitas, CA 92024 (760) 452-2007

Yun Dong Zhang
79630 Highway 111, Ste. M-2
La Quinta, CA 92253 (760) 775-8900

Christine Grau
5140 Foothills Blvd., #110
Roseville, CA 95747 (916) 797-7492

Steven Sillin¹ and Daniel Sillin
30680 Rancho California Rd., Ste. #2
Temecula, CA 92591 (951) 587-2500

COLORADO

Jack Jones
2055 W. 136th Ave., Ste. 100
Broomfield, CO 80023 (720) 547-0200

FLORIDA

Suleman Jiwani and Kamruddin Mithani
550 S. Hunt Club Blvd.
Apopka, FL 32703 (407) 410-8444

Elizabeth Lupella and James Lupella
8951 Bonita Beach Rd. SE, #245
Bonita Springs, FL 34135 (239) 202-2300

Peter Economys
4320 N. State Road 7
Coral Springs, FL 33037 (754) 241-4320

Kathleen Mayer
21301 S. Tamiami Trl., Ste. 400
Estero, FL 33928 (239) 221-3706

Jordan Lupella
9011 Daniels Pkwy., Ste. 104
Fort Myers, FL 33912 (239) 237-0000

Joe Wendling
15245 S. Tamiami Trl., Ste. 1
Fort Myers, FL 33908 (239) 481-1110

Dipeshkumar Patel
7051 Collins Rd., #402
Jacksonville, FL 32244 (904) 801-1200

Hetal Patel
18750 US Hwy. 441, #18750
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Adil Jaffer
818 Neapolitan Way
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Suleman Jiwani and Kamruddin Mithani
7756 University Blvd., #104
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GEORGIA

Matthew Smith¹
415 Peachtree Pkwy., #200
Cumming, GA 30041 (678) 513-1113

Tarlika Desai
1408 Hwy. 124
Hoschton, GA 30548 (470) 238-0000

ILLINOIS

Jay Nayani
417 E. IL Rte. 173, #108
Antioch, IL 60002 (847) 395-5500

Sam Jamal and Ali Kanchwala
310 W. Indian Tr.
Aurora, IL 60506 (630) 892-2662

Gurdev Juneja and Vikas Kumar
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334 E. Wilson St.
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Faizan Kanchwala
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Felipe Cervantes
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Braidwood, IL 60408 (815) 458-2100

Adil Jaffer
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Abdul Jaffer
161 Hiawatha Dr.
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Sharon Rodriguez¹ and Hemlata Patel
117 N. Kennedy Dr.
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Hiren Patel and Mixu Patel
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Cary, IL 60013 (847) 516-3800

Rachel Wallace, Elvan Wallace and Carolyn Wallace
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Centralia, IL 62801 (618) 352-8400

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Chicago, IL 60640 (773) 334-3333

Tejas Sheth
2218 N. California Ave.
Chicago, IL 60647 (773) 741-0001

Tejas Sheth
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Tejas Sheth
1339 S. Halsted St.
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Salman Ukani and Dilshad Ukani
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Rick Gigele and Anthony Patti
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Mendota, IL 61342 (815) 538-3838

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Mihir Patel
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Mundelein, IL 60060 (847) 943-9931

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406 W. 5th Ave.
Naperville, IL 60563 (630) 305-3500

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Shawna Casey
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Niles, IL 60714 (847) 825-5855

Kalidoss Sivasamy and Mallika Kalidoss
2833 Dundee Rd.
Northbrook, IL 60062 (847) 498-4080

Arturo Carlos and Sandra Carlos
2751 Rte. 34
Oswego, IL 60543 (630) 551-1150

Anthony Rosati and Zeng Pengyu²
375 W. Stevenson Rd.
Ottawa, IL 61350 (815) 324-9559

Amit Patel and Kalpesh Patel
12720 S. Rte. 59, #400
Plainfield, IL 60585 (815) 556-8575

Brissa Urbina¹ and Eduardo Viayra
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Richmond, IL 60071 (815) 862-1191

Mukeshkumar Patel
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River Grove, IL 60171 (708) 456-2000

Marie Jacobs¹, Wei Yi Liao⁴, and Shih Cheng Ku⁴
1302 E. Main St., Unit E
Robinson, IL 62454 (618) 469-1889

Gurdev Juneja and Vikas Kumar
1233 N. Caron Rd., #100
Rochelle, IL 61068 (815) 562-5000

Mark Santa Ines and Lata Santa Ines
2221 S. Perryville Rd.
Rockford, IL 61108 (815) 398-5300

Meridiana Petani
463 N. Weber Rd.
Romeoville, IL 60446 (815) 293-2600

Thomas Banning¹
710 E. Railroad St., Unit A
Sandwich, IL 60548 (815) 786-1500

Rahim Jagshi
707 W. Jefferson St., Unit C
Shorewood, IL 60404 (815) 725-8686

Jignesh Patel and Nilesch Chauhan
1027 W. Main St.
Sleepy Hollow, IL 60118 (847) 426-5000

Nesti Zguri
495 N. Sugar Grove Pkwy., Unit G
Sugar Grove, IL 60554 (630) 466-9992

Jignesh Patel
801 Illinois 32
Sullivan, IL 61951 (217) 728-2812

Jerries Akkawi
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Tinley Park, IL 60477 (708) 468-8825

Mihir Patel and Jigar Patel
101 E. Townline Rd.
Vernon Hills, IL 60061 (847) 362-6999

Gurdev Juneja and Sonali Juneja
531 W. Liberty St.
Wauconda, IL 60084 (847) 526-4343

Vikram Patel
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West Chicago, IL 60185 (630) 876-0606

Cheryl Rosati
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Woodstock, IL 60098 (815) 338-3600

INDIANA

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Nancy Healy
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Crown Point, IN 46307 (219) 281-4500

Amit Patel and Kalpesh Patel
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Dyer, IN 46311 (219) 515-2730

Nancy Healy
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Hobart, IN 46342 (219) 942-5678

Carl Dissette
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IOWA

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Overland Park, KS 66210 (913) 696-0400

MISSOURI

Jason Niswonger and Frank Dietiker, Jr.
2136 William St., #120
Cape Girardeau, MO 63703 (573) 803-5200

NEBRASKA

Kent Au
14513 W. Maple Rd., #106
Omaha, NE 68116 (402) 502-4868

NEVADA

Michelle Jensen
72 W. Horizon Ridge Pkwy.
Henderson, NV 89012 (702) 568-6000

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Michelle Jensen
8060 S. Rainbow Blvd., #130
Las Vegas, NV 89139 (702) 463-1777

Brian Jensen
430 E. Silverado Ranch Blvd.
Las Vegas, NV 89183 (702) 735-1122

Jason Court and Loyal Sprague III
5725 Losee Rd.
North Las Vegas, NV 89084 (702) 642-2121

NORTH CAROLINA

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9925 Rea Rd., #100
Waxhaw, NC 28173 (980) 556-7600

TEXAS

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800 W. Whitestone Blvd., Ste. B
Cedar Park, TX 78613 (512) 767-1313

Adrian Corona and Tracy Hankins
9814 Fry Rd., Ste. 120
Cypress, TX 77433 (832) 402-1100

Rafiq Meherali
500 E. Round Grove Rd., Ste. 303
Lewisville, TX 75067 (469) 702-0055

Eric Odling
824 Hewitt Dr., #900
Waco, TX 76712 (254) 666-6066

WISCONSIN

Jose Aguilar, Patricia Aguilar and Eric Aguilar
17565 W. North Ave.
Brookfield, WI 53045 (262) 797-6466

Christopher Osborne and Amy Osborne
6900 N. Santa Monica Blvd.
Fox Point, WI 53217 (414) 228-8585

Jane Andacht, Daniel Lent, Lauren Lent and Christopher Miller
6558 S. Lovers Lane Rd.
Franklin, WI 53132 (414) 529-1400

Ronald Wierzbicki and Gloria Wierzbicki
6804 Green Bay Rd., #120
Kenosha, WI 53142 (262) 697-0123

Talat Mahmood and Mujtaba Khan
6644 Mineral Point Rd.
Madison, WI 53705 (608) 833-9300

Neel Patel, Amita Patel and Devangini Patel
N81W15086 Appleton Ave.
Menomonee Falls, WI 53051 (262) 250-3333

Gregg Griesemer, Norberto Ramos and Jose Sanchez
3648 S. Moorland Rd.
New Berlin, WI 53151 (262) 784-5700

Gregg Griesemer, Norberto Ramos and Jose Sanchez
1907 Market Way, Ste. F
Watertown, WI 53094 (920) 261-4222

Nikol Gerou
310 W. Saint Paul Ave., #2
Waukesha, WI 53188 (262) 574-1111

¹Provides franchise brokerage or training services for us to franchisees. See item 11 for further information.

²Franchise is owned by a LLC which is owned by a limited partnership with majority ownership by a foreign investor and minority ownership by Rosati's Westlead Holding, LLC, a company with some common ownership with Franchisor. Rosati's Westlead Holding, LLC is providing management services to the franchisee. Anthony Rosati is listed as Manager of Rosati's Westlead Holding, LLC.

³Franchise is owned by a LLC which is owned by a limited partnership with majority ownership by a foreign investor and minority ownership originally by Rosati's Westlead Holding, LLC, a company with some common ownership with Franchisor. Rosati's Westlead Holding, LLC transferred its minority interest in the limited partnership to an entity unrelated to the franchisor in 2017.

⁴Franchise is owned by a LLC which is owned by a limited partnership with majority ownership by a foreign investor and minority ownership originally by Rosati's Westlead Holding, LLC, a company with some common ownership with Franchisor. Rosati's Westlead Holding, LLC transferred its minority interest in the limited partnership to an entity unrelated to the franchisor in 2018.

EXHIBIT C-2: FRANCHISES NOT YET OPERATING AS OF 12/31/20

ARIZONA

Raymond Czernek
1890 Highway 95
Bullhead City, AZ 86442

Neal McCreesh
1050 E. Ray Rd.
Chandler, AZ 85225

Merrick Okamoto and Peter Benz
20343 N. Hayden Rd., Ste. 110
Scottsdale, AZ 85255

GEORGIA

Dhruvin Patel and Hitendra Patel (Also a Multi-Unit Developer)
3021 Willowstone Dr.
Duluth, GA 30096

Joanne Liu
7304 Spout Springs Rd.
Flowery Branch, GA 30542

ILLINOIS

Carrol Hornsby and Linda Weiler
630 N. Western Ave.
Lake Forest, IL 60045

Ruzica Radovanovic (Also a Multi-Unit Developer)
1155 Cheshire Ave.
Naperville, IL 60540

Fareed Khawaja, Fayaz Khawaja, Ali Khawaja and Syed Shah
6230 W. 95th St., Ste. A
Oak Lawn, IL 60453

Taufique Kanchwala
2631 Kirchoff Rd.
Rolling Meadows, IL 60008

Sehul Patel, Manhar Patel, Kirankumar Patel and Rajendra Patel
1515 Sheridan Rd., #37
Wilmette, IL 60091

MINNESOTA

Lance Patterson
925 Golfview Ave.
Zumbrota, MN 55992

MISSISSIPPI

Scott Whitaker and Susan Whitaker
319 N. Lamar Blvd., Unit 101
Oxford, MS 38655

TEXAS

Nasir Iqbal
6002 Slide Rd., Unit F21
Lubbock, TX 79414

EXHIBIT C-3: FORMER FRANCHISEES AS OF 12/31/20

ARIZONA

Farivar Jazzabi
Phoenix, AZ 85050 (602) 349-8944
Peoria unit transferred to new franchisees

Timothy Thorley
Anthem, AZ 85086 (206) 795-2410
Phoenix-Thunderbird unit transferred to new franchisees

David Naskrent
Gilberts, IL 60136 (847) 489-6060
Phoenix-Thomas unit transferred to new franchisee

FLORIDA

David Dowell & Michael Dowell
Scottsdale, AZ 85266 (480) 227-4763 and Longwood, FL 32779 (407) 310-0335
Apopka unit transferred to new franchisees

ILLINOIS

Kunal Desai
Plainfield, IL 60585 (270) 366-0014
Braidwood unit transferred to new franchisee
Kunal Desai remains as a franchisee with a unit in Illinois

Joshua Blowers and Erica Blowers
Mundelein, IL 60060 (847) 354-5845 and Mundelein, IL 60060 (224) 733-9382
Des Plaines unit transferred to new franchisees

Shane Morrison
No address on file (309) 212-0620
Urbana unit closed

INDIANA

Ashley Townley
Hobart, IN 46342 (219) 252-8093
Hobart franchisee terminated

WISCONSIN

Abdul Jaffer
Naperville, IL 60563 (630) 854-9070
Brookfield unit transferred to new franchisees
Abdul Jaffer remains as a franchisee with units in Illinois

Mike Dwyer
Mequon, WI 53092 (414) 550-8822
Fox Point unit transferred to new franchisees

David Naskrent and John Horner
Gilberts, IL 60136 (847) 489-6060 and Madison, WI 53705 (773) 640-8478
Madison unit transferred to new franchisees

Faizan Kanchwala
St. Charles, IL 60174 (630) 589-6347
Wisconsin Dells unit closed

*Provides franchise brokerage or training services for us to franchisees. See item 11 for further information.

EXHIBIT C-4: AFFILIATE-OWNED AS OF 12/31/20

ILLINOIS

Mark Suma* & Lisa Suma
10896 N. IL Rte. 47
Huntley, IL 60142 (847) 669-6500

Geary Rosati
700 E. IL Rte. 22
Lake Zurich, IL 60047 (847) 540-6600

Ray & Gina Scannicchio and Geary Rosati
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Schaumburg, IL 60193 (847) 891-5151

Kevin Dellegrazio, Anthony Rosati and David Rosati
2S610 State Rte. 59, #11
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William Durso and Geary Rosati
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Westmont, IL 60559 (630) 789-1970

Thomas J. Banning*, Anthony Rosati and David Rosati
1985 Marketview Dr.
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NEVADA

Lisa Suma, Geary Rosati and Stephen Rosati
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Las Vegas, NV 89129 (702) 478-5757

Stephen Rosati
7380 S. Eastern Ave., Ste. 110
Las Vegas, NV 89123 (702) 897-8386

*Provides franchise brokerage or training services for us to franchisees. See item 11 for further information.

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

ROSATI'S FRANCHISING, INC.
AUDITED FINANCIAL STATEMENTS



815.344.1300 mchenry
847.382.3366 barrington
847.336.6455 gurnee
www.edercasella.com

eder, casella & co

ROSATI'S FRANCHISING, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

ROSATI'S FRANCHISING, INC.

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847.336.6455 gurnee
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INDEPENDENT AUDITOR'S REPORT

To the Owners of
Rosati's Franchising, Inc.
Schaumburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of

Rosati's Franchising, Inc.

which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

eder, casella & co

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rosati's Franchising, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eder, Casella & Co.

EDER, CASELLA & CO.

Certified Public Accountants

McHenry, Illinois
March 17, 2021

Rosati's Franchising, Inc.
Balance Sheet
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 197,581	\$ 190,784
Due from Officers	83,211	33,000
Notes Receivable	-	51,236
Accounts Receivable, Net of Allowance of \$140,830 for 2020 and 2019	1,695,629	1,666,890
Prepaid Expenses	26,919	56,285
Deposits	10,390	10,390
Employee Advance	10,150	5,750
Total Current Assets	<u>\$ 2,023,880</u>	<u>\$ 2,014,335</u>
FIXED ASSETS		
Furniture and Fixtures	\$ 37,975	\$ 1,658
Office Equipment	57,996	41,156
	<u>\$ 95,971</u>	<u>\$ 42,814</u>
Less: Accumulated Depreciation	(45,509)	(38,632)
Net Fixed Assets	<u>\$ 50,462</u>	<u>\$ 4,182</u>
OTHER ASSETS		
Due from Affiliates	\$ 235,495	\$ 212,647
Due from Franchisees	1,015,330	1,038,913
Commission Contract Asset	72,229	29,479
Total Other Assets	<u>\$ 1,323,054</u>	<u>\$ 1,281,039</u>
TOTAL ASSETS	<u><u>\$ 3,397,396</u></u>	<u><u>\$ 3,299,556</u></u>
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 64,677	\$ 116,340
Accrued Expenses	67,596	47,243
Deferred Revenue	359,079	159,781
Total Current Liabilities	<u>\$ 491,352</u>	<u>\$ 323,364</u>
OTHER LIABILITIES		
License Contact Liability	<u>\$ 579,984</u>	<u>\$ 223,062</u>
TOTAL LIABILITIES	<u>\$ 1,071,336</u>	<u>\$ 546,426</u>
OWNERS' EQUITY	<u>\$ 2,326,060</u>	<u>\$ 2,753,130</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u><u>\$ 3,397,396</u></u>	<u><u>\$ 3,299,556</u></u>

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

Rosati's Franchising, Inc.
Income Statement
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Royalty Income	\$ 4,208,460	\$ 3,797,961
License Income	122,747	21,917
Marketing Co-op	2,125,259	1,952,248
Total Revenues	<u>\$ 6,456,466</u>	<u>\$ 5,772,126</u>
OPERATING EXPENSES		
Advertising and Promotion	\$ 358,301	\$ 416,324
Automobile Expenses	9,583	5,325
Bank Charges	2,159	2,082
Contributions	-	1,231
Consulting Fees	5,000	19,634
Dues and Subscriptions	11,530	19,672
Employee Education	996	-
Employee Medical	-	1,000
Franchisee Expense	191,684	545,898
Insurance	95,143	98,830
Legal and Professional Fees	173,571	162,953
Meals and Entertainment	19,294	22,207
Office Expenses	46,348	24,665
Outside Services	12,935	32,640
Pension	3,711	3,848
Postage	11,808	15,826
Printing and Reproduction	-	159
Rent Expenses	50,515	72,321
Repairs and Maintenance	2,820	518
Royalty Fees	4,380,727	3,663,009
Salaries	1,219,503	1,044,847
Taxes	110,866	92,321
Telephone Expense	27,932	18,565
Travel Expenses	156,604	193,406
Utilities	2,018	2,977
Total Operating Expenses	<u>\$ 6,893,048</u>	<u>\$ 6,460,258</u>
OPERATING INCOME/(LOSS)	<u>\$ (436,582)</u>	<u>\$ (688,132)</u>
OTHER INCOME/(EXPENSE)		
Interest Income	\$ 11,389	\$ 14,362
Gain on Sale of Equipment	5,000	6,016
Depreciation	(6,877)	(5,716)
Settlement Income	-	200,000
Legal Settlement	-	(3,000)
Total Other Income/(Expense)	<u>\$ 9,512</u>	<u>\$ 211,662</u>
NET INCOME/(LOSS)	<u><u>\$ (427,070)</u></u>	<u><u>\$ (476,470)</u></u>

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

Rosati's Franchising, Inc.
Statement of Changes in Owners' Equity
For the Years Ended December 31, 2020 and 2019

	Common Stock	Additional Paid in Capital	Retained Earnings	Total Equity
Balance, December 31, 2018	\$ 1,000	\$ 172,000	\$ 3,056,600	\$ 3,229,600
Net Income/(Loss)	-	-	(476,470)	(476,470)
Balance, December 31, 2019	\$ 1,000	\$ 172,000	\$ 2,580,130	\$ 2,753,130
Net Income/(Loss)	-	-	(427,070)	(427,070)
Balance, December 31, 2020	\$ 1,000	\$ 172,000	\$ 2,153,060	\$ 2,326,060

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

Rosati's Franchising, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income/(Loss)	\$ (427,070)	\$ (476,470)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	6,877	5,716
Change in Operating Assets and Liabilities:		
Due from Officers	(50,211)	(33,000)
Notes Receivable	51,236	(51,236)
Accounts Receivable	(28,739)	(191,117)
Prepaid Expenses	29,366	(34,010)
Deposits	-	(10,390)
Employee Advance	(4,400)	1,438
Due to/from Affiliate	(22,848)	54,581
Due to/from Franchisees	23,583	411,194
Commission Contract Asset	(42,750)	(29,479)
Accounts Payable	(51,663)	27,201
Accrued Expenses	20,353	4,433
Deferred Revenue	199,298	46,505
License Contact Liability	356,922	223,062
Net Cash Provided/(Used) by Operating Activities	<u>\$ 59,954</u>	<u>\$ (51,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>\$ (53,157)</u>	<u>\$ (1,031)</u>
Net Cash Provided/(Used) by Investing Activities	<u>\$ (53,157)</u>	<u>\$ (1,031)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash Provided/(Used) by Financing Activities	<u>\$ -</u>	<u>\$ -</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 6,797	\$ (52,603)
CASH AND CASH EQUIVALENTS, beginning of year	<u>190,784</u>	<u>243,387</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 197,581</u></u>	<u><u>\$ 190,784</u></u>

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

ROSATI'S FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rosati's Franchising, Inc. (Company) is a closely held, for-profit corporation. The Company is principally engaged as a franchisor of Rosati Pizza Restaurants in the United States.

Basis of Accounting

The Company follows accounting principles generally accepted in the United States of America in the preparation of the financial statements. Where there is a choice between two or more generally accepted principles, the principle that most fairly presents financial position and results of operations is chosen.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be checking accounts, savings accounts, and money market accounts with original maturities of three months or less. Cash equivalents are accounted for at cost, which approximates market value.

Accounts Receivable

Accounts receivable is recorded net of an allowance for expected losses. The Company makes estimates of the uncollectability of its accounts receivable related to the royalty income. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness, and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

Fixed Assets

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense, respectively, for the period. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Furniture and Fixtures	7
Office Equipment	5

Depreciation expense was \$6,877 and \$5,716 for the years ended December 31, 2020 and 2019, respectively. Maintenance, repairs, and renewals, which neither materially add to the value of property nor appreciably prolong its useful life, are expensed as incurred.

Due To/From Franchisees and Affiliates

At times throughout the fiscal year, the Company will engage in borrowing/lending transactions with other franchisees and affiliates. These monies are used for various start-up expenditures and will be paid back to the Company. As of December 31, 2020 and 2019, \$1,250,825 and \$1,251,560, respectively, is collectible from various franchisees and affiliates.

NOTES TO FINANCIAL STATEMENTS (Continued)

Revenue Recognition

The Company derives the majority of its revenue from the franchisee contracts, franchisee royalties and rebates.

Each franchisee and transfer contract represent various obligations but none that meet the criteria of a specific distinct performance obligations, as defined in ASU 606 and later clarified by ASU 2021-02; therefore, each contract is considered one performance obligation. Franchisee contract revenues are recognized on a straight-line method, over the term of the contract (normally 20 years).

Revenues from franchisee royalties are recognized each month based on a percentage of sales from the individual franchisees.

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors and distributors on product purchases by franchisees. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor or their distributors. Under adoption of ASC 606 and ASU 2021-02, the revenue recognition will not change; the Company will recognize the rebates as franchisees purchase products and supplies from vendors or distributors.

There are no significant financing components as payment is due and received at or shortly after the contract is signed. There is also not a variable consideration component as fees are set by the Company.

The franchisee revenue earned from performance obligations are satisfied over time.

Contract Assets include amounts resulting from commission expenses related to Franchisee and Transfer agreements and Contract Liabilities consist of the unrecognized portions of the revenues related to Franchisee and Transfer agreements. Commission Contract Assets as of December 31, 2020 and 2019 are \$72,229 and \$29,479, respectively. License Contract Liabilities as of December 31, 2020 and 2019 are \$579,984 and \$223,062, respectively. The receivables related to franchisee contracts as of December 31, 2020 and 2019 were \$158,611 and \$88,302, respectively. The Commission Contract Assets and License Contract Liabilities will be recognized/expensed over the term of the Contract, which is normally 20 years.

Income Taxes

The Company is taxed under the Subchapter S provisions of the Internal Revenue Code. Therefore, the Company's income is currently taxable to the stockholder for federal income tax reporting purposes. The Company is subject to state income taxes.

The Company adopted guidance issued by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that a tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no benefit is accrued. The adoption had no effect on the Company's financial statements.

The Company's evaluation on December 31, 2020 and 2019 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2017 through 2020 tax years remain subject to examination by the IRS. The Company does not believe that any reasonable possible changes will occur within the next 12 months that will have a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

Comprehensive Income

There were no items of other comprehensive income as of December 31, 2020 and 2019 and, thus, net income is equal to comprehensive income for the fiscal years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$358,301 and \$416,324, respectively.

NOTE 2 - FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivables, and accounts payable are a reasonable estimate of their fair market value due to the short term nature of these instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash balances at various institutions.

The Federal Deposit Insurance Corporation ("FDIC") insures a \$250,000 balance on transaction accounts (i.e., checking accounts). At various times during the year, the Company's cash in bank balances may have exceeded insured FDIC limits. At December 31, 2020 and 2019, the Company's uninsured cash balance was \$0. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

NOTE 3 - NOTES RECEIVABLE

As of December 31, 2020, there is no outstanding balance for notes receivable. Notes receivable consisted of one outstanding note receivable as of December 31, 2019. The issuance amount of \$62,943 was amortized over a period of two hundred and eight weeks at a six and one-half percent interest rate. In 2020, this note was paid off. The total balance of the notes receivable account is \$0 and \$51,236 as of December 31, 2020 and 2019, respectively.

NOTE 4 - RELATED PARTY BALANCES

At times, the Company engages in lending/borrowing activities with companies and/or people that are affiliated through common ownership. As of December 31, 2020 and 2019 the following balances are due to/from related parties:

	<u>2020</u>	<u>2019</u>
Due from Affiliates	\$ 235,495	\$ 212,647
Due from Franchisees	1,015,330	1,038,913
Due from Officers	83,211	33,000

NOTE 5 - OPERATING LEASE

The Company leases office space under an operating lease agreement that expires on January 31, 2026. In addition to base rent, the Company is required to pay taxes and operating

NOTES TO FINANCIAL STATEMENTS (Continued)

expenses. Rent expense, including taxes and operating expenses, was \$50,515 and \$72,321 for the years ended December 31, 2020 and 2019, respectively. Future base rental payments will be as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2021	\$ 61,895
2022	63,897
2023	65,899
2024	67,901
2025	69,903
2026	5,839
	<u>\$ 335,334</u>

NOTE 6 - OWNERS' EQUITY

The Company is a closely held corporation with 10,000 shares of common stock authorized and 1,000 shares issued for a total consideration of \$1,000 as follows:

Anthony M. Rosati	166 shares
David M. Rosati	166 shares
Geary Rosati	166 shares
Lisa Suma	166 shares
Joanne Czemak	170 shares
Stephen Rosati	166 shares

In November 2005, the owners contributed \$100,000 (divided equally); in December 2006, the owners contributed \$42,000 (divided equally); and in September and October 2007 the owners contributed \$30,000 (divided equally) to the Company as additional paid-in capital.

NOTE 7 - RETIREMENT PLAN

The Company has adopted a 401K plan that covers all eligible employees. The plan allows for both employee and 3% matching Company contributions. Company contributions were \$3,711 and \$3,848 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8 - PAYROLL PROTECTION PROGRAM

The Company received a forgivable loan through the US Small Business Administration under the CARES Act Paycheck Protection Program. The loan was \$140,938 and is outstanding as of December 31, 2020. The proceeds must be used for payroll costs, rent, and utilities over the 24-week period beginning from the day the funds were disbursed. At the end of the period, the Company will apply for forgiveness. At the point that the Company receives notification that it will be forgiven, the liability will be removed, and the loan proceeds will be recorded as revenue. Any proceeds that are not forgiven will become converted to a note payable over a period of 2 years at an interest rate of 1%.

NOTE 9 - SUBSEQUENT REVIEW

The Company has evaluated subsequent events through March 17, 2021, the date on which the financial statements were available to be issued.

Since March 2020, the COVID-19 outbreak in the United States has created disruptions in various businesses and has continued to impact them. The Company was impacted during the year ended December 31, 2020. However, the extent of any additional impact on the Company is uncertain and cannot be reasonably estimated at this time.



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ROSATI'S FRANCHISING, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

ROSATI'S FRANCHISING, INC.

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DECEMBER 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
Rosati's Franchising, Inc.
Schaumburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of

Rosati's Franchising, Inc.

which comprise the balance sheet as of December 31, 2019 and 2018, and the related statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

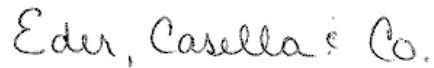
eder, casella & co

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rosati's Franchising, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, Rosati's Franchising, Inc. implemented ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively ASC 606). Our opinion is not modified with respect to this matter.



EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
April 2, 2020

Rosati's Franchising, Inc.
Balance Sheet
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 190,784	\$ 243,387
Due from Officers	33,000	-
Notes Receivable	51,236	-
Accounts Receivable, Net of Allowance of \$140,830 for 2019 and 2018	1,666,890	1,475,773
Prepaid Expenses	56,285	22,275
Deposits	10,390	-
Employee Advance	5,750	7,188
Total Current Assets	<u>\$ 2,014,335</u>	<u>\$ 1,748,623</u>
FIXED ASSETS		
Furniture and Fixtures	\$ 1,658	\$ 1,658
Office Equipment	41,156	40,125
	<u>\$ 42,814</u>	<u>\$ 41,783</u>
Less: Accumulated Depreciation	(38,632)	(32,916)
Net Fixed Assets	<u>\$ 4,182</u>	<u>\$ 8,867</u>
OTHER ASSETS		
Due from Affiliates	\$ 212,647	\$ 267,228
Due from Franchisees	1,038,913	1,450,107
Commission Contract Asset	29,479	-
Total Other Assets	<u>\$ 1,281,039</u>	<u>\$ 1,717,335</u>
TOTAL ASSETS	<u><u>\$ 3,299,556</u></u>	<u><u>\$ 3,474,825</u></u>
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 116,340	\$ 89,139
Accrued Expenses	47,243	42,810
Deferred Revenue	159,781	113,276
Total Current Liabilities	<u>\$ 323,364</u>	<u>\$ 245,225</u>
OTHER LIABILITIES		
License Contact Liability	\$ 223,062	\$ -
Total Current Liabilities	<u>\$ 223,062</u>	<u>\$ -</u>
OWNERS' EQUITY	<u>\$ 2,753,130</u>	<u>\$ 3,229,600</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u><u>\$ 3,299,556</u></u>	<u><u>\$ 3,474,825</u></u>

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

Rosati's Franchising, Inc.
Income Statement
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Royalty Income	\$ 3,797,961	\$ 3,857,755
License Income	21,917	288,123
Marketing Co-op	1,952,248	1,859,309
Total Revenues	<u>\$ 5,772,126</u>	<u>\$ 6,005,187</u>
OPERATING EXPENSES		
Advertising and Promotion	\$ 416,324	\$ 283,742
Automobile Expenses	5,325	4,835
Bank Charges	2,082	2,588
Contributions	1,231	-
Consulting Fees	19,634	41,445
Employee Medical	1,000	-
Dues and Subscriptions	19,672	37,267
Equipment Rental	-	440
Franchisee Expense	545,898	339,241
Insurance	98,830	66,331
Legal and Professional Fees	162,953	278,095
Meals and Entertainment	22,207	22,091
Office Expenses	24,665	14,860
Outside Services	32,640	31,600
Pension	3,848	1,730
Postage	15,826	8,548
Printing and Reproduction	159	5,023
Rent Expenses	72,321	80,647
Repairs and Maintenance	518	828
Royalty Fees	3,663,009	2,715,613
Salaries	1,044,847	989,286
Taxes	92,321	92,677
Telephone Expense	18,565	19,772
Travel Expenses	193,406	203,477
Utilities	2,977	1,717
Total Operating Expenses	<u>\$ 6,460,258</u>	<u>\$ 5,241,853</u>
OPERATING INCOME/(LOSS)	<u>\$ (688,132)</u>	<u>\$ 763,334</u>
OTHER INCOME/(EXPENSE)		
Interest Expense	\$ -	\$ (5,895)
Interest Income	14,362	13,611
Gain on Sale of Equipment	6,016	8,500
Depreciation	(5,716)	(6,187)
Settlement Income	200,000	100,000
Legal Settlement	(3,000)	-
Total Other Income/(Expense)	<u>\$ 211,662</u>	<u>\$ 110,029</u>
NET INCOME/(LOSS)	<u><u>\$ (476,470)</u></u>	<u><u>\$ 873,363</u></u>

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

Rosati's Franchising, Inc.
Statement of Changes in Owner's Equity
For the Years Ended December 31, 2019 and 2018

	Common Stock	Additional Paid in Capital	Retained Earnings	Total Equity
Balance, December 31, 2017	\$ 1,000	\$ 172,000	\$ 2,183,237	\$ 2,356,237
Net Income/(Loss)	-	-	873,363	873,363
Balance, December 31, 2018	\$ 1,000	\$ 172,000	\$ 3,056,600	\$ 3,229,600
Net Income/(Loss)	-	-	(476,470)	(476,470)
Balance, December 31, 2019	\$ 1,000	\$ 172,000	\$ 2,580,130	\$ 2,753,130

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

Rosati's Franchising, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income/(Loss)	\$ (476,470)	\$ 873,363
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	5,716	6,187
Change in Operating Assets and Liabilities:		
Due from Officers	(33,000)	-
Notes Receivable	(51,236)	-
Accounts Receivable	(191,117)	(512,426)
Prepaid Expenses	(34,010)	57,994
Deposits	(10,390)	8,000
Employee Advance	1,438	(938)
Due to/from Affiliate	54,581	(236,433)
Due to/from Franchisees	411,194	275,052
Commission Contract Asset	(29,479)	-
Accounts Payable	27,201	(1,495)
Accrued Expenses	4,433	9,003
Deferred Revenue	46,505	33,299
License Contact Liability	223,062	-
Net Cash Provided/(Used) by Operating Activities	<u>\$ (51,572)</u>	<u>\$ 511,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	\$ (1,031)	\$ -
Net Cash Provided/(Used) by Investing Activities	<u>\$ (1,031)</u>	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Notes Payable	\$ -	\$ (379,546)
Net Cash Provided/(Used) by Financing Activities	<u>\$ -</u>	<u>\$ (379,546)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (52,603)	\$ 132,060
CASH AND CASH EQUIVALENTS, beginning of year	<u>243,387</u>	<u>111,327</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 190,784</u></u>	<u><u>\$ 243,387</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ -	\$ 5,895

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

ROSATI'S FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Policy for Revenue Recognition under ASC Topic 606

On January 1, 2019, the Rosati's Franchising, Inc. ("Company") adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively ASC 606). The ASU replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanding disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the new standard using the modified retrospective approach. Under previous standards, the franchisee and transfer contract fees were recognized when the contract was signed and the store was opened, as the majority of the obligations by the Company were completed. All contracts were fully recognized under the previous standard; therefore, there was no adjustment to beginning net assets. The impact of applying this ASU for the year ended December 31, 2019 resulted in a \$223,062 decrease of franchisee revenue and increase in a related Contract Liability. It will also result in a decrease of \$29,479 of Commission Expense and an increase in a related Contract Asset. Both revenue and expense changes were due to the amounts now being recognized over the life of the contract, rather than at the time of opening, as discussed above.

As part of the adoption of the ASU, the Company elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications typically do not occur, there is little to no impact as a result of electing these practical expedients.

Organization

The Company is a closely held, for-profit corporation. The Company is principally engaged as a franchisor of Rosati Pizza Restaurants in the United States.

Basis of Accounting

The Company follows accounting principles generally accepted in the United States of America in the preparation of the financial statements. Where there is a choice between two or more generally accepted principles, the principle that most fairly presents financial position and results of operations is chosen.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be checking accounts, savings accounts, and money market accounts with original maturities of three months or less. Cash equivalents are accounted for at cost, which approximates market value.

Accounts Receivable

Accounts receivable is recorded net of an allowance for expected losses. The Company makes estimates of the uncollectability of its accounts receivable related to the royalty income. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness, and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS (Continued)

Fixed Assets

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense, respectively, for the period. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Furniture and Fixtures	7
Office Equipment	5

Depreciation expense was \$5,716 and \$6,187 for the years ended December 31, 2019 and 2018, respectively. Maintenance, repairs, and renewals, which neither materially add to the value of property nor appreciably prolong its useful life, are expensed as incurred.

Due To/From Franchisees and Affiliates

At times throughout the fiscal year, the Company will engage in borrowing/lending transactions with other franchisees and affiliates. These monies are used for various start-up expenditures and will be paid back to the Company. As of December 31, 2019 and 2018, \$1,251,560 and \$1,717,335, respectively, is collectible from various franchisees and affiliates.

Revenue Recognition

The Company derives the majority of its revenue from the franchisee contracts, franchisee royalties and rebates.

Each franchisee and transfer contract represent various obligations but none that meet the criteria of a specific distinct performance obligations, as defined in ASU 606; therefore, each contract is considered one performance obligation. Franchisee contract revenues are recognized on a straight-line method, over the term of the contract (normally 20 years).

Revenues from franchisee royalties are recognized each month based on a percentage of sales from the individual franchisees.

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors and distributors on product purchases by franchisees. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor or their distributors. Under adoption of ASC 606 the revenue recognition will not change; the Company will recognize the rebates as franchisees purchase products and supplies from vendors or distributors.

There are no significant financing components as payment is due and received at or shortly after the contract is signed. There is also not a variable consideration component as fees are set by the Company.

The franchisee revenue earned from performance obligations are satisfied over time.

Contract Assets include amounts resulting from commission expenses related to Franchisee and Transfer agreements and Contract Liabilities consist of the unrecognized portions of the revenues related to Franchisee and Transfer agreements. Contract Assets and Liabilities as of December 31, 2019 are \$29,479 and \$223,062, respectively, (these both had \$0 balances as of

NOTES TO FINANCIAL STATEMENTS (Continued)

January 1, 2019). The receivables related to franchisee contracts as of December 31, 2019 and 2018 were \$88,302 and \$167,700, respectively. The Contract Assets and Liabilities will be recognized/expensed over the term of the Contract, which is normally 20 years.

Income Taxes

The Company is taxed under the Subchapter S provisions of the Internal Revenue Code. Therefore, the Company's income is currently taxable to the stockholder for federal income tax reporting purposes. The Company is subject to state income taxes.

The Company adopted guidance issued by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that a tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no benefit is accrued. The adoption had no effect on the Company's financial statements.

The Company's evaluation on December 31, 2019 and 2018 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2016 through 2019 tax years remain subject to examination by the IRS. The Company does not believe that any reasonable possible changes will occur within the next 12 months that will have a material impact on the financial statements.

Comprehensive Income

There were no items of other comprehensive income as of December 31, 2019 and 2018 and, thus, net income is equal to comprehensive income for the fiscal years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2019 and 2018 was \$416,324 and \$283,742, respectively.

NOTE 2 - FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivables, and accounts payable are a reasonable estimate of their fair market value due to the short term nature of these instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash balances at various institutions.

The Federal Deposit Insurance Corporation ("FDIC") insures a \$250,000 balance on transaction accounts (i.e., checking accounts). At various times during the year, the Company's cash in bank balances may have exceeded insured FDIC limits. At December 31, 2019 and 2018, the Company's uninsured cash balance was \$0. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - NOTES RECEIVABLE

Notes receivable consists of one outstanding note receivable as of December 31, 2019. The issuance amount of \$62,943 is amortized over a period of two hundred and eight weeks at a six and one-half percent interest rate. The total balance of the note receivable account is \$51,236 as of December 31, 2019.

NOTE 4 - RELATED PARTY BALANCES

At times, the Company engages in lending/borrowing activities with companies and/or people that are affiliated through common ownership. As of December 31, 2019 and 2018 the following balances are due to/from related parties:

	<u>2019</u>	<u>2018</u>
Due from Affiliates	\$ 212,647	\$ 267,228
Due from Franchisees	1,038,913	1,450,107
Due from Officers	33,000	-

NOTE 5 - OPERATING LEASE

The Company leases office space under an operating lease agreement that expires on January 31, 2026. In addition to base rent, the Company is required to pay taxes and operating expenses. Rent expense, including taxes and operating expenses, was \$72,321 and \$79,639 for the years ended December 31, 2019 and 2018, respectively. Future base rental payments will be as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2020	\$ 59,952
2021	61,895
2022	63,897
2023	65,899
2024-2025	143,644
	<u>\$ 395,287</u>

NOTE 6 - OWNERS' EQUITY

The Company is a closely held corporation with 10,000 shares of common stock authorized and 1,000 shares issued for a total consideration of \$1,000 as follows:

Anthony M. Rosati	166 shares
David M. Rosati	166 shares
Geary Rosati	166 shares
Lisa Suma	166 shares
Joanne Czemak	170 shares
Stephen Rosati	166 shares

In November 2005, the owners contributed \$100,000 (divided equally); in December 2006, the owners contributed \$42,000 (divided equally); and in September and October 2007 the owners contributed \$30,000 (divided equally) to the Company as additional paid-in capital.

NOTE 7 - RETIREMENT PLAN

The Company has adopted a 401K plan that covers all eligible employees. The plan allows for both employee and 3% matching Company contributions. Company contributions were \$3,848 and \$1,730 for the years ended December 31, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - SUBSEQUENT REVIEW

The Company has evaluated subsequent events through April 2, 2020, the date on which the financial statements were available to be issued. Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various businesses and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the impact on the Company is uncertain and cannot be reasonably estimated at this time.

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE NUMBER _____

EFFECTIVE DATE _____

ROSATI'S PIZZA
FRANCHISE AGREEMENT

ROSATI'S FRANCHISING, INC.

with

Store Address:

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FRANCHISE AGREEMENT

This Agreement is by and between Rosati's Franchising, Inc., an Illinois corporation located at 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173 (hereinafter called the "Company") and _____ of _____ (hereinafter called the "Franchisee") for one (1) ROSATI'S PIZZA restaurant to be located in the State of _____.

RECITALS

A. The Company is in the business of offering and selling franchises for a restaurant featuring pizza and other food items (the "Franchised Business") under 'ROSATI'S PIZZA' trade name and service mark (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The Franchisee acknowledges that Franchisee does not presently know these procedures, techniques, business methods or business policies, nor does the Franchisee have these business forms or access to the Company's body of knowledge.

B. The Franchisee intends to establish and operate a Franchised Business and desires access to the Company's System pertaining to the operation of the Franchised Business. In addition, the Franchisee desires access to information pertaining to new developments and techniques in the Company's Franchised Business.

C. The Franchisee desires to participate in the use of the Marks in connection with one (1) Franchised Business location to be located solely at a site approved by the Company and the Franchisee. The Franchised Business may be a Rosati's Pizza sports pub or a Rosati's Pizza carryout/delivery restaurant.

D. The Franchisee understands that information received from the Company or from any of its officers, employees, agents or franchisees is confidential and has been developed with a great deal of effort and expense. The Franchisee acknowledges that the information is being made available to Franchisee so that Franchisee may more effectively establish and operate a Franchised Business.

E. The Company has granted, and will continue to grant to others, access to its System.

F. The Company has licensed, and will continue to license, others to use the Marks in connection with the operation of Franchised Businesses.

G. The Company has received the nonexclusive right to use and sublicense the use of the Marks and System from Rosati's Franchise Systems, Inc. for the establishment of Franchised Businesses.

AGREEMENT

Acknowledging the above recitals, the parties hereto agree as follows:

1. **Franchise Fee.** The Franchise Fee is due upon the signing of this Agreement.

Check either A or B below, as applicable:

☐ **A. First Franchise.** For a first franchise for Franchisee, Franchisee shall pay to Company a Franchise Fee of \$30,000 by certified or cashier's check.

☐ **B. Additional Franchises.** If Franchisee is currently a ROSATI'S PIZZA franchisee purchasing an additional franchise, Franchisee shall pay to Company a Franchise Fee of \$15,000 by certified or cashier's check. OR

☐ If Franchisee is a Developer and is signing this Agreement for an additional ROSATI'S PIZZA franchise under a Multi-Unit Development Agreement, a portion of the Development Fee previously paid by Franchisee under the Multi-Unit Development Agreement shall be applied in payment of the Franchise Fee of \$15,000.

☐ **C. Veteran Franchise Fee.** If Franchisee is an honorably discharged U.S. veteran, Franchisee will pay to Company a Franchise Fee of \$22,500 by certified or cashier's check.

The Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Company in granting the franchise and for Company's lost or deferred opportunity to grant a franchise to others. The Franchise Fee is not refundable under any circumstances.

2. Royalty Fee. The Franchisee shall also pay to the Company weekly, or more frequently as the Company may designate, a Royalty Fee equal to five percent (5%) of the Gross Sales from the Franchised Business which Franchisee operates throughout the term of this Agreement. "Gross Sales" means all sales or revenues, derived directly or indirectly from the Franchisee's business (including all food, beverage, liquor, catering and other sales), including on-premises sales, from selling food products and services from temporary locations in the Protected Area (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are "Off-Premises Sales") and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including without limitation business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority, (ii) the amount of all coupons redeemed at the restaurant (but only if the coupons have been previously approved by the Company as provided in this Agreement and only if such coupons have been included in Gross Sales), and (iii) charges for delivery. The Royalty Fee shall be paid in the manner provided in Section 7.J. of this Agreement. The Royalty Fee is not refundable under any circumstances.

3. Grant of Franchise.

A. The Company hereby grants to the Franchisee:

(1) Access to the 'ROSATI'S PIZZA' System pertaining to the operation of the Franchised Business;

(2) Access to information pertaining to new developments and techniques in the Franchised Business; and

(3) A limited non-exclusive license to use of the Company's rights in and to 'ROSATI'S PIZZA' Marks according to this Agreement and the Company's Franchise Operations Manual and other Confidential Information in connection with the operation of one (1) ROSATI'S PIZZA restaurant to be located at a site approved by the Company and the Franchisee and identified in Exhibit A to this Agreement.

B. Franchisee shall at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement, continuously exert Franchisee's best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with Franchisee's obligations to operate the Franchised Business in compliance with this Agreement. Franchisee shall focus Franchisee's marketing efforts on developing the Marks and System within a protected area described in Exhibit A attached hereto.

C. The Franchisee shall also have the right to sell food products and services from temporary (but not permanent) locations in the Protected Area (such as trucks, booths and handcars) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are referred to as "Off-Premises Sales"), provided that the Franchisee obtains Company's prior consent to conduct Off-Premises Sales at each such Special Event and makes such sales in compliance with Company's standards and specifications to ensure quality and freshness. Immediately upon learning of a Special Event scheduled to occur in the Protected Area, whether from Company or another source, the Franchisee shall notify Company of the time, place and nature of such Special Event and such other information which Company may require from time to time. Within five (5) days of such notice, the Franchisee must notify Company whether it wishes to conduct Off-Premises Sales at such Special Event. If the Franchisee notifies Company that it wishes to conduct such Off-Premises Sales, and if Company does not notify the Franchisee of its disapproval within ten (10) days of its receipt of such notice, Company shall be deemed to have given the required consent. If the Franchisee fails to notify Company within five (5) days as provided above, or if the Franchisee notifies Company that it does not wish to conduct Off-Premises Sales at such Special Event, Company shall have the right to do so. If the Special Event is located in the Protected Area of more than one (1) ROSATI'S PIZZA restaurant, then the restaurant with the highest Gross Sales during the prior twelve (12) months shall have a higher priority to conduct Off-Premises Sales at the Special Event.

D. Franchisee is not granted the right to operate any additional ROSATI'S PIZZA restaurants other than at the Franchise Location identified in Exhibit A to this Agreement. Franchisee shall not sell products or services through the Internet or otherwise in e-commerce, by mail order or catalog, or through any other channel of distribution not specifically identified in this Agreement.

4. Protected Area; Company's Reservation of Rights.

A. Company will not, so long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, and subject to the provisions of Section 4.B and 4.C. herein, grant a franchise for a ROSATI'S PIZZA restaurant to be located with the protected territory and will not operate itself or through an affiliate any other ROSATI'S PIZZA restaurant within the protected area described in Exhibit A attached hereto ("Protected Area").

The grant of a Protected Territory in this Section 4.A. does not prohibit Company, any affiliate or another franchisee of Company from either (1) marketing and promoting their own ROSATI'S PIZZA restaurant within Franchisee's Protected Area or (2) delivering food to customers located in Franchisee's Protected Area. Franchisee hereby acknowledges that there are no protections granted to Franchisee herein from marketing or promotion of other ROSATI'S PIZZA restaurants or delivery of food within Franchisee's Protected Area:

_____ *Initial here*

Company may enfranchise or operate itself through an affiliate any other ROSATI'S PIZZA restaurant outside of the Protected Area. Company and its affiliates have the right to, within and outside the Protected Area: (1) operate and enfranchise any business under different trademarks; (2) conduct any business using the Marks or System on the Internet or distribute products and services by any

other alternate channel of distribution, including but not limited to mobile food trucks; (3) to offer and sell at wholesale, retail, or through any other distribution system, products and services which comprise, may in the future comprise or which do not comprise, a part of the System, including, but not limited to, the proprietary or branded products, which products may be resold at retail or through any other distribution channel under the Marks or other trademarks or service marks, including but not limited to, food stores and other retail facilities, the Internet, and as menu items in other restaurants or food service units; and (4) engage in any other activities that are not expressly prohibited by this Agreement.

B. Notwithstanding the above provisions, enclosed malls, institutions (such as hospitals), highway toll plazas, airports, parks (including theme parks), sports arenas, convention centers and other facilities or venues where events are scheduled (“Limited Use Facility”) shall be excluded from your Protected Area. The Company retains the right to open a ROSATI’S PIZZA restaurant at any Limited Use Facility wherever located, in order to service the facility or venue, or grant licenses for others to do so. In the event the Company decides to open a ROSATI’S PIZZA restaurant at any Limited Use Facility, or grant a license for others to do so, the delivery and service area of Franchisee’s Franchised Business shall be automatically adjusted to exclude such Limited Use Facility.

C. Franchisee’s exclusive rights to the Protected Area as set forth in this Section 3 are dependent upon Franchisee meeting the minimum gross sales requirements of Twenty-Five Thousand Dollars (\$25,000) per month over any consecutive six (6) month period (“Minimum Monthly Gross Sales”). If Franchisee does not meet or exceed the Minimum Monthly Gross Sales for any consecutive six (6) month period, Company issues a notice of default advising the Franchisee of the failure to meet the Minimum Annual Gross Sales, and Franchisee fails to increase the Gross Sales of the Franchised Business so that the average Gross Sales for the three (3) months from the date of receipt of the notice of default meets or exceeds Twenty-Five Thousand Dollars (\$25,000) per month, Company may terminate this Agreement and/or may terminate all of your rights to the Protected Area. Thereafter, Company may enfranchise or operate itself or through an affiliate a ROSATI’S PIZZA restaurant in the Protected Area.

D. Nothing in this Agreement grants to Franchisee the right to (1) conduct any of the activities reserved to Company herein or (2) share in any revenue generated by any of the Company’s permitted activities.

5. Company Obligations; Training and Assistance.

A. Initial Training. Company shall provide to Franchisee an initial training program for the operation of the Franchised Business using ROSATI’S PIZZA System at a location designated by Company. The Franchisee and Franchisee’s managers, presently and in the future, must attend and pass the training program before operating Franchisee’s Franchised Business. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee and the Franchisee’s manager, if any, in attending the initial training program. If the Company determines, in its sole discretion, that Franchisee does not pass the training program, the Company may require that Franchisee attend additional training for a fee and/or Company shall have the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. Company encourages Franchisee to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. Company will not be liable to return any Franchise Fee or pay any costs or expenses Franchisee incurs if Company terminates this Agreement because Franchisee does not pass the training program. Franchisee must satisfactorily complete the initial training at least thirty (30) days prior to the opening of the Franchised Business.

Following Franchisee’s completion of the initial training program, upon Franchisee’s request, Company will provide additional training to Franchisee or initial training to new or additional managers upon request as space is available. Further, Company may require that Franchisee or Franchisee’s

manager attend additional training in the event that Company determines that the Franchised Business is not being operated in compliance with this Agreement, the mandatory provisions of the Franchise Operations Manual and/or System Standards. In such case, Franchisee will pay Company's then-current training and shall be responsible for all transportation, lodging and other expenses incurred by Franchisee and/or Franchisee's manager, if any, in attending the initial training program.

B. On-Site Assistance. Company shall provide a representative at the Franchise Location around the time of the opening of the Franchised Business to provide pre-opening and opening supervision and assistance.

C. Ongoing Training. Franchisee shall participate, if Company requires, in up to five (5) days per calendar year of refresher training in the operations and marketing of the Franchised Business. Company may charge Franchisee a fee for any such training. The refresher training shall be at a location which the Company selects and may or may not take place at an annual convention of franchisees. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee in attending the refresher training.

D. Convention. Franchisee shall attend, if Company requires, a national business meeting or convention of franchisees for up to three (3) days once per calendar year. Company may charge Franchisee a fee for attending the meeting or convention. The convention shall be at a location which the Company selects. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee in attending the convention. This provision shall not obligate Company to hold a national business meeting or convention.

E. Advisory Services. Throughout the term of this Agreement Company shall provide to Franchisee continuing advisory service concerning the operation of Franchisee's Franchised Business as Company in its discretion determines is reasonably necessary. This advisory service will, in Company's discretion, be furnished in the form of electronic communications, telephone consultations and/or personal consultation at Company's home office or other location designated by Company.

F. Additional Assistance. If Franchisee requests additional assistance in writing and Company determines in its discretion that such additional assistance is reasonably necessary, Company shall provide additional assistance to Franchisee, at a cost to the Franchisee based on the Company's then-current daily fee for the Company's personnel performing such assistance, plus other reasonable expenses, including all transportation, lodging and other expenses.

6. Development and Opening of the Franchised Business. Franchisee obligations include:

A. Site Selection Assistance and Approval. If Franchisee has not located and the Company has not approved a restaurant location for the Franchised Business as of the date of this Agreement, Franchisee agrees that, within one hundred twenty (120) days after the date of this Agreement, Franchisee must have obtained Company's approval of a restaurant location and obtained lawful possession of it through a lease. Company shall furnish to Franchisee its then current site selection guidelines and criteria, and such site selection counseling and assistance, including on-site evaluation, as Company may deems reasonably necessary in its sole discretion. Franchisee acknowledges and agrees that Franchisee is responsible for obtaining a restaurant location for the Franchised Business acceptable to the Company. Upon approval of the restaurant location for the Franchised Business, the Company will, in accordance with its standard practices, complete Exhibit A to this Agreement identifying the restaurant location and describing the Protected Area. Franchisee acknowledges that the general territory for searching for a restaurant location may be different than the Protected Area granted to Franchisee. The Company's

acceptance or approval of any restaurant location or Protected Area is not a warranty of any kind, express or implied, as to the success or profitability of the Franchised Business. The Company does not guaranty the sales, profits or success of the Franchised Business.

B. Commence Operation Within 365 Days. Franchisee shall complete the requirements set forth in Section 6.D. of this Agreement and commence operating a ROSATI'S PIZZA restaurant within three hundred sixty-five (365) days of the date of this Agreement. If Franchisee has either (i) not provided Company with a copy of the fully executed lease for Franchisee's restaurant location within ninety (90) days of the date of this Agreement or (ii) not commenced operating a ROSATI'S PIZZA restaurant within three hundred sixty-five (365) days after the date of this Agreement after having fully complied with Section 6.D of this Agreement, Company has the right to terminate this Agreement upon delivery of written notice to you.

C. Lease the Premises. Franchisee shall lease the premises of Franchisee's restaurant in the form and manner prescribed by the Company and deliver a copy of the executed lease to the Company immediately after its execution. The Franchisee agrees not to execute any lease which has not been approved in writing by the Company. If Franchisee is leasing the location, the Franchisee agrees that the lease or sublease (the "Lease") shall incorporate and include the Addendum to Franchisee's Lease which is attached to this Agreement as Exhibit F or will incorporate, in a form satisfactory to Company, the following terms: (1) notice to Company of, and Company's right (but not obligation) to cure, Franchisee's default under said Lease within fifteen (15) business days after expiration of Franchisee's cure period; (2) lessor shall be authorized and required to disclose to Company, upon Company's request, any sales or other information pertaining to the location furnished to the lessor by the Franchisee; (3) the Company's right to take an assignment of the Lease, at Company's option, upon the termination of the Lease or the expiration or termination of this Agreement; (4) the lessor's consent to the Franchisee's use of Company's standard signage for the location according to the specifications in the Franchise Operations Manual; (5) that, during the term of the Lease, the premises may only be used for the operation of a ROSATI'S PIZZA restaurant; and (6) upon expiration and termination of this Agreement, the Company shall have the right to enter the premises in order to remove signage and other items bearing the ROSATI'S PIZZA Marks and otherwise de-identify the premises. The Franchisee shall not execute or agree to any modification of the Lease without the prior approval of the Company. The Franchisee agrees that any new, amended, restated, extended or renewed Lease for the restaurant will include the above terms and conditions required to be included in a Lease for a restaurant, as specified in this Agreement. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the Lease.

D. Relocation. If the Franchisee wants to relocate the restaurant, the Franchisee must notify Company in writing at least one hundred eight (180) days prior to the relocation. Company reserves the right to refuse to approve a proposed relocation if Company believes that the proposed relocation is for any reason not acceptable to Company. Company's judgment may be based on factors such as the proximity to existing or proposed locations for restaurants owned by other franchisees or Company, the suitability of the proposed facilities, compliance with Company's then-current franchise location requirements, the competitiveness within the marketplace or other factors. Company's approval of the location and the Lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the Lease terms.

E. Construct and Equip the Restaurant. Franchisee shall promptly after obtaining possession of the site for the Franchised Business: (i) Cause to be prepared and submit for approval by Company a site survey and any modifications to Company's basic plans and specifications (not for construction) for a ROSATI'S PIZZA Franchised Business (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of a ROSATI'S PIZZA Franchised Business at the site leased or purchased

therefore, provided that Franchisee may modify Company's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by Company (such approval shall not be construed as a guarantee or representation concerning the likelihood of success of such location); (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, Off-Premises Sales vehicles, fixtures, furniture and signs in full and strict compliance with Company's purchasing standards and specifications; (iv) purchase and install the point-of-sale system, computer system and/or web-based platform as required by Company pursuant to Section 7.O. of this Agreement; (v) complete the construction and/or remodeling, equipment, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications theretofore approved by Company and all applicable ordinances, building codes and permit requirements; (vi) obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation services; (vii) purchase in accordance with the Company's specifications and requirements, an opening inventory of food and beverages and the other products and supplies required for the Franchised Business; (viii) establish filing, accounting and inventory control systems conforming to the requirements presented by the Company; and (ix) otherwise complete development of and have the Franchised Business ready to open and commence the conduct of its business in accordance with the terms of this Agreement. Nothing in this Section shall create any responsibility or liability on the part of the Company for delays in obtaining permits, work of independent contractors, delays or losses in the construction phase, or loss sustained because of building design or construction. The Franchisee agrees it will not open the Franchised Business for business until it is in full compliance with this Section 6.D and until it has obtained Company's prior written approval. Franchisee shall pay the Company a fee in the amount of Five Hundred Dollars (\$500) per day for each day the Franchised Business is open without Company approval.

F. Lease Renewal. Prior to renewal of the Lease, Company must review and approve the lease renewal. Company's approval of the lease renewal shall be conditioned upon the inclusion of terms in the lease acceptable to Company, including but not limited to those provisions required to be included in a lease for a location as specified in this Agreement. Company's approval of the lease renewal does not constitute a guaranty or a representation of the likelihood of success of the location or of the viability of the lease terms. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the lease. As a condition to approving the lease renewal, Franchisee may be required to remodel, modernize, and redecorate the premises of the Franchised Business so that the Franchised Business reflects the then-current image intended to be portrayed by ROSATI'S PIZZA businesses. Upon receiving a request for a lease renewal, Company shall furnish Franchisee with a written notice of any deficiencies which require correction and a schedule for corrections by Franchisee relating to the image, appearance, decoration, furnishings, equipment and stocking of the Franchised Business and a schedule for effecting upgrading or modifications in order to bring the Franchised Business in compliance with ROSATI'S PIZZA's then-current standards. The fee for Company's services in connection with the lease renewal and the process for evaluating the necessary upgrades is based upon the costs incurred by the Company, but currently does not exceed Two Thousand Five Hundred Dollars (\$2,500), and is due and payable to Company upon the execution of the lease renewal by the landlord for the Franchised Business premises. Company reserves the right to increase this fee during the term of the Agreement.

G. Remodel the Premises. Franchisee shall be required to periodically make reasonable capital expenditures to re-equip, remodel, modernize and redecorate the premises of the Franchised Business so that the Franchised Business will reflect the then-current image intended to be portrayed by ROSATI'S PIZZA businesses. All remodeling, modernization, or redecoration of the premises of the Franchised Business and all re-equipping and replacing of vehicles, equipment, signs or other assets of the Franchised Business must be done in accordance with the standards and specifications as prescribed by Company from time to time and with the prior written approval of Company. All

replacements must conform to Company's then-current quality standards and specifications and must be approved by Company in writing.

7. Franchisee Obligations.

A. Conduct the Franchised Business According to System Standards. Franchisee shall conduct the Franchised Business offering only such services and products as Company authorizes from time to time. During the development and operation of the Franchised Business, Franchisee agrees to follow Company's specifications, standards, methods, operating procedures and rules (the "System Standards") contained in the Franchise Operations Manual. Franchisee agrees to develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by the Company. System Standards may govern all aspects of the development and operation of the Franchised Business, including without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of Confidential Information; (3) types of authorized equipment, Off-Premises Sales vehicles, supplies and products; (4) designated and approved suppliers including, without limitation, Company or Company's designated supplier for the purchase of Company's proprietary food products and certain services; (5) minimum daily and specific hours of operation; (6) participation in market research and testing and product and service development programs prescribed by Company; (7) qualifications, training, and appearance of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer and web-based software and applications; (11) adoption of technological developments or advances; and (12) the addition or deletion of new products and/or services. All products shall be sold only in the weights, sizes, forms and packaging approved by the Company. Franchisee shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and Franchisee's compliance with the System Standards as periodically modified or supplemented by Company.

B. Operating and Maintaining the Franchised Business. Franchisee shall operate and maintain the Franchised Business in accordance with Company's mandatory specifications, standards, methods, operating procedures and rules contained in the Franchise Operations Manual. All costs and expenses pertaining to operating and maintaining the Franchised Business shall be borne solely by the Franchisee. The Franchisee agrees to use only those architects and items of equipment, Off-Premises Sales vehicles, inventory, decor, supplies, apparel and signs, that the Company has approved for a Franchised Business as meeting its specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from the Company, its affiliates or suppliers approved by the Company. If the Franchisee proposes to purchase, lease, or otherwise use any architect, equipment, Off-Premises Sales vehicles, inventory, decor, supply, apparel or sign which is not then approved by the Company or from a supplier not then approved by the Company, the Franchisee shall first notify the Company in writing and shall submit to the Company sufficient specifications, photographs, drawings, samples, and information, along with the Company's then-current daily fee for each person which the Company provides for this determination plus reasonable expenses, for a determination by the Company of whether such architect, equipment, Off-Premises Sales vehicles, inventory, decor, supply, apparel or sign or proposed supplier complies with its specifications and standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to the Franchisee within a reasonable time. Franchisee acknowledges, agrees and accepts that Company and its affiliates may be making a profit on Franchisee's purchases when Franchisee purchases any goods or services from the Company or its affiliates or a designated supplier or an approved supplier. The Franchisee shall maintain the Franchised Business, equipment, Off-Premises Sales vehicles, and furnishings in good repair, attractive appearance, and sound operating condition. The Franchisee, at Franchisee's expense, shall do the repairs, re-equipping, and remodeling requested by Company. The Franchisee shall make no material replacements of or alterations to the Off-Premises Sales

vehicles, equipment, signs or other assets of the Franchised Business without prior written approval by the Company.

C. Operate in Compliance with Law and Good Practices. Franchisee shall operate the Franchised Business in compliance with applicable laws and governmental regulations, including without limitation, laws and government regulations, relating to labor and employment, occupational hazards, health, worker's compensation and unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. The Franchisee will obtain at Franchisee's expense, and keep in force, any permits, licenses or other consents required for the leasing, construction or operation of his business. Franchisee agrees that in all dealings with Company, Franchisee's customers and suppliers, and with public officials, Franchisee will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee further agrees to refrain from any business or advertising practice which may be harmful to Company, the goodwill associated with the Marks, and/or other ROSATI'S PIZZA restaurants. Franchisee must notify Company in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, which may adversely affect Franchisee's operation or financial condition or that of the ROSATI'S PIZZA restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

D. Operate in Compliance with the Manual. Franchisee shall operate the Franchised Business in accordance with the mandatory provisions of the Company's Franchise Operations Manual, which contains the System Standards, and which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. The Franchisee agrees to conform to such amendments, even though Franchisee may not agree with or benefit from the change, and to make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by the Company. The Franchisee shall refrain from conducting any business or selling any services or products other than those approved by the Company. The Franchisee shall use Franchisee's best efforts to promote and enhance the Franchised Business for the full term of this Agreement.

E. Management of the Franchised Business. The Franchised Business shall at all times be under the direct on-premises supervision of Franchisee or Franchisee's manager who has attended and passed the initial training program. If any manager ceases to act as the Franchisee's manager, Franchisee must manage the Franchised Business until such time as a replacement manager has satisfactorily completed the initial training program. Franchisee must notify Company in writing of the name of each manager that Franchisee designates before they begin managing the Franchised Business, and Franchisee agrees that Company may direct communications to such manager concerning the operation of the Franchised Business.

F. Staffing. Franchisee agrees to staff the Franchised Business with the number of managers, assistant managers and employees sufficient to operate the Franchised Business in compliance with this Agreement and any mandatory standards and specifications in the Operations Manual and to provide proper customer service during all hours of operation in order to protect the quality of the services and products offered by the Franchised Business for protection of the Marks. Franchisee shall be exclusively responsible for all employment decisions and functions related to the operation of the Franchised Business, including hiring, retaining, disciplining, and firing all employees of the Franchised Business; employees' wages, benefits, vacations, scheduling, performance evaluations, promotions, demotions, work assignments, time off and other terms of employment and compensation; and proper training of the employees in the operation of a ROSATI'S PIZZA restaurant that meets Company's standards. Franchisee agrees to require all employees to maintain a neat and clean appearance, and to wear uniforms as Company requires for promotion of the Marks. Franchisee and Company acknowledge that the employees are employees of Franchisee and not employees of Company, and should not be held out to

third parties to be Company's employees. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, Franchisee's employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials used by Franchisee with its employees that Franchisee (and only Franchisee) is their employer and that Company is not their employer. Franchisee shall have the sole right to control personnel policies and to manage the day-to-day operations of the Franchised Business.

G. Purchase and Maintain Insurance. Franchisee shall purchase and maintain at all times during the term of this Agreement at Franchisee's sole expense such insurance coverage as Company may, in its sole discretion, prescribe from time to time, from a supplier approved by us. Required coverage shall include but not be limited to workers' compensation and other employee insurance as required by law, comprehensive public liability and property damage, vehicle liability, including owned, hired and non-owned vehicle coverage, business interruption, general and umbrella coverages, and any insurance as required by the Lease for the Franchised Business. Franchisee must purchase and maintain dram shop insurance during all times that Franchisee is selling alcohol at the Franchised Business. Such insurance coverage shall be maintained under one (1) or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by Company and issued by insurance carriers rated 'AAA' by A.M. Best Company. Company may from time to time increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder shall name Company (and its officers, directors, shareholders, members and employees) as additional insureds, shall contain a waiver by the insurance carrier of all subrogation rights against Company and shall provide that Company will receive thirty (30) days advance written notice of termination, expiration or cancellation or modification of any such policy. Prior to Franchisee's commencement of operations, and each year thereafter no later than twenty-four (24) hours after the expiration date of each annual policy, Franchisee shall furnish to Company a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits. If Franchisee does not maintain such insurance as required, the Company may, at its option and in addition to its other rights and remedies hereunder, but shall not be obligated to, obtain such insurance and keep the same in full force and effect on Franchisee's behalf, and Franchisee shall reimburse the Company for all premiums and other expenses incurred by the Company in connection with obtaining such insurance. In addition, the Franchisee shall indemnify and save the Company harmless (with counsel acceptable to the Company) from any liability or claim of any type that arises in connection with the operation of Franchisee's business.

H. Refrain from Owning Conflicting or Competing Interests. During the term of this Agreement, Franchisee shall refrain from owning any interest in, engaging or participating in any, either directly or indirectly, other restaurant featuring pizza or the other food items on the then-current standard ROSATI'S PIZZA menu, during the term of this Agreement, except as a ROSATI'S PIZZA franchisee licensed by Company. During the term of this Agreement, Franchisee shall not be permitted to own any interest in, engage or participate in, either directly or indirectly, any ROSATI'S PIZZA restaurant that is licensed by any individual or entity other than Company, regardless of whether such individual or entity is authorized to license the use of the ROSATI'S PIZZA Marks. Franchisee shall not own, engage or participate in any other business, directly or indirectly, during the term of this Agreement, which franchises or otherwise grants to others the right to operate a restaurant featuring pizza or other food items on the then-current standard ROSATI'S PIZZA menu. Franchisee shall operate the Franchised Business in a manner which maximizes Franchisee's Gross Sales consistent with sound marketing and business practices, and Franchisee shall not engage in any business practice which diverts or reduces Franchisee's Gross Sales. Franchisee shall not employ or seek to employ any person employed by the Company or another ROSATI'S PIZZA business.

I. Customer Payment Methods. Franchisee shall make arrangements for and accept payments systems which Company designates from time to time, as part of the operation of the Franchised Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by the Operations Manual to prevent credit card fraud. Franchisee shall defend at its own cost and indemnify and hold harmless Company, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

J. Time and Manner of Payment of All Amounts Due.

1. Franchisee shall make prompt payment of all amounts due to the Company and its affiliates and to suppliers, vendors, lessors, utility companies and any landlord of the Franchised Business. Royalty Fees, Advertising Fund contributions, and any other amounts Franchisee owes to the Company or its affiliates shall bear interest, compounded from the date due until fully paid, at the rate of two percent (2%) per month; provided however, that in the event such rate exceeds the maximum rate allowable by applicable law, such amounts will bear interest at such maximum rate. Franchisee shall also pay the Company and its affiliates a late fee of One Hundred Dollars (\$100) for every notification or demand for payment, or for non-sufficient funds notices, or for violation of this Agreement, or for failure to timely provide required reports and financial statements. Franchisee acknowledges that the interest and late fee do not constitute the Company's agreement to accept payments or reports after they are due. Time is of the essence of this Agreement.

2. All Royalty Fees, Advertising Fund contributions, interest, late fees, and any other amounts which Franchisee owes to the Company or its affiliates shall be paid by or through an electronic transfer of funds as further described in the Franchise Operations Manual or in any other manner prescribed by the Company. Franchisee shall execute and deliver to Company the Electronic Funds Transfer Authorization form attached to this Agreement as Exhibit G or any other documents necessary to authorize Company to make electronic transfers from Franchisee's bank account prior to opening the Franchised Business and upon any change in Franchisee's bank account. Payments for all amounts shall be in accordance with the procedures set forth in the Franchise Operations Manual. The Company shall have sole discretion to apply any payments made by Franchisee to any of Franchisee's amounts due to the Company or its affiliates, including, without limitation, any amounts Franchisee may owe as Advertising Fund contributions or other advertising fees. Franchisee's failure to have sufficient funds in its bank account at the time any transfer is to be made by Company is a material breach of this Agreement. If Franchisee fails to submit a report of the Gross Sales of the Franchised Business for the most recent reporting period before the date for the transfer or debit from Franchisee's account of Royalties and Advertising Fund contributions due, Company shall have the right to estimate the Gross Sales for the period based on information available to Company and to then transfer or debit an amount based on such estimated Gross Sales. If the Company later determines that the amount of the Royalty and Advertising Fund contribution transferred or debited is less than the amount that was actually due based on actual Gross Sales, Company shall have the right to transfer or debit the balance. If the Company later determines from reports of Gross Sales submitted by Franchisee that the amount transferred or debited from Franchisee's account is greater than the Royalties and Advertising Fund contributions actually owed, Company will credit the excess against the next transfer or debit for Royalties and Advertising Fund contributions due.

3. Franchisee agrees that Franchisee will not, for any reason whatsoever, including without limitation on grounds of the alleged nonperformance by the Company or its affiliates of any obligations hereunder, set off against or withhold payment of any Royalty Fee, Advertising Fund contribution, or any other amounts due to the Company or its affiliates.

K. Advisory Council. Franchisee shall participate actively in a ROSATI'S PIZZA Regional Advisory Franchisee Council ("Council") and participate in all Council programs, for Franchisee's particular Council, approved by Company. Such Council may be formed by Company, in its sole discretion, at any time that more than one (1) franchisee conducts a Franchised Business in any given region, the boundaries of which will be determined by Company in its sole discretion. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem solving methods, advising Company on expenditures for system-wide marketing, public relations and advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs as determined by a particular Council and as approved by Company.

L. Approved Products, Distributors and Suppliers. The reputation and goodwill of ROSATI'S PIZZA restaurants is based upon, and can be maintained only by, the sale of distinctive, high quality food products and beverages and the presentation, packaging, service and delivery of such products in an efficient and appealing manner. Company has developed various food products, ingredients, spices, seasonings, coatings, beverages and product mixes which will be prepared by or for Company according to Company's secret recipes and formulas. Company has developed standards and specifications for other food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at ROSATI'S PIZZA restaurants. Company has and will periodically designate and/or approve suppliers and distributors of the foregoing products that meet its standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Franchisee agrees that the Franchised Business will: (1) purchase Company's product mixes and other products developed by Company pursuant to a secret recipe or formula, only from Company or a third party licensed by Company to prepare and sell such products; and (2) purchase from distributors and other suppliers approved by Company all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of the food products, and equipment, menus, forms, paper and plastic products, packaging or other materials that meet Company's standards and specifications for the same. If Franchisee shall fail to comply with the requirements on food and ingredient purchases set forth herein, Company may assess and Franchisee shall pay to Company a non-compliance fee of Five Hundred Dollars (\$500) per occurrence, to cover costs incurred by Company in monitoring and obtaining compliance with this section.

Company may from time to time modify the list of designated and approved suppliers and/or list of approved brands and other purchasing standards and specifications, and Franchisee shall not, after ten (10) days from receipt in writing of such modification, purchase from a supplier which is no longer designated or approved or purchase any brand of item no longer approved or any item following specifications that have been modified. Company may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. Company may concentrate purchases with one (1) or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of ROSATI'S PIZZA restaurants franchised or operated by Company. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such distributor or other supplier by Company.

Franchisee shall notify Company and submit to Company such information, specifications, and samples as Company requests if Franchisee proposes to purchase any food products, ingredients, spices, seasonings, coatings, mixes, beverages, menus, equipment, forms, paper or plastic products, packaging or other materials, or utensils or services from a distributor or other supplier who has not been previously approved by Company. Company reserves the right to make an on-site inspection of a proposed distributor or supplier's facility. Company shall notify Franchisee within a reasonable time of receipt of all information required to make a determination whether such distributor or supplier is approved or whether such brand or product is approved for use by the Franchised Business. In the event Franchisee has not received a response to request for supplier or product approval from Company within thirty (30) days of submission of such request, the supplier and/or product shall be deemed disapproved. Franchisee (or the proposed supplier) shall pay Company a per diem fee and reasonable expenses incurred by Company in making such determination.

M. Delivery and Catering Services. Franchisee agrees that the Franchised Business shall offer delivery and catering services in compliance with our System Standards. Company shall have the right to prescribe from time to time the boundaries beyond which the Franchised Business may not offer delivery service and the standards and specifications for delivery in order to preserve the quality and freshness of food products when delivered.

N. Security Agreement. In order to secure the prompt performance by Company of the obligations of this Agreement, Franchisee hereby grants Company a security interest in all rights, entitlements, licenses and interests granted under this Agreement or otherwise inuring to Franchisee by reason hereof, and all goods, wares, products, inventory, accounts, proceeds, furniture, equipment, fixtures, commercial tort claims, general intangibles and all other personal property interests of Franchisee arising or used in connection with the Franchised Business, whether at the Franchise Location or elsewhere, and whether now owned or hereafter acquired by Franchisee. This Agreement shall, in and of itself, constitute a Security Agreement within the meaning of the Uniform Commercial Code. In addition, and as a supplement to this Agreement, Franchisee shall execute Company's standard Security Agreement as set forth in Exhibit B to this Agreement. In order to perfect the security interest granted hereby and by the Security Agreement attached hereto, Franchisee authorizes Company to file any financing statement, continuation statement, statement of amendment, other statement or filing used or useful under the Uniform Commercial Code, including any amendment or replacement thereof, to perfect Company's security interest as provided herein.

O. Technology Requirements.

1. The Company may require the Franchisee to utilize a point-of-sale system, computer system or web-based platform, including a customer order processing and inventory control system and/or cash register and credit/debit card system, as specified by Company in the Franchise Operations Manual or otherwise in writing. Franchisee is responsible for becoming proficient in the use of any required point-of-sale, computer systems and/or web-based platform and software. Company shall have the right to access, for any purpose or use related to our operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale, computer system and/or web-based platform. Company shall have the right to require Franchisee to replace any of the components of your point-of-sale and/or computer system if Company deems the component to be (a) undersized or otherwise insufficient for the efficient operation and management of the Franchised Business, or (b) incompatible with our computer system or the computer system that Company designates for franchise network use. Throughout the term of this Agreement, Franchisee shall be responsible for maintaining and upgrading as necessary all computer hardware and software required to be used in the

operation of the Franchised Business and shall be solely responsible for any and all consequences of not doing so.

2. The Company may require the Franchisee to purchase certain services, software and web-based applications for online ordering, gift card programs, loyalty rewards programs, and similar system-wide programs from suppliers designated by the Company.

3. If Company develops and custom designs a software program and hardware system for conducting accounting, inventory or point-of-sale functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Company regarding the Software Program as provided from time to time in the Company manuals. At such time as Company requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Company. At such time as Company requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with Company's Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Company or its suppliers.

4. Throughout the term of this Agreement, Franchisee must maintain an active e-mail account and use the e-mail address provided by Company for promoting and operating the business and for communicating with the Company. Franchisee must have and maintain high-speed access to the Internet for promoting and operating the business and for communicating with and receiving information from the Company in the manner Company designates, including but not limited to system-wide area computer networks, intranet system or extranet system. Franchisee shall use any system-wide computer network or intranet or extranet system in compliance with the Franchise Operations Manual.

8. Accounting Systems and Reporting; Inspections.

A. Accounting and Record Keeping. Franchisee shall use the bookkeeping, accounting, and record keeping system prescribed by the Company and submit to the Company such periodic reports, forms, and records as specified, and in the manner and at the time specified, in the Franchise Operations Manual. To ensure uniform financial statements are submitted by Franchisee, Company reserves the right to require Franchisee to use a standard Chart of Accounts for tracking income and expense items for the Franchised Business and the right to require Franchisee to have a fiscal year-end of December 31. For a period of five (5) years from their date of preparation, the Franchisee will keep on file at the Franchisee's principal office and make available to the Company all such records, including, without limitation, the following: receipts, invoices, payroll records, check stubs, bank deposit receipts, sales tax records and returns, business and personal tax returns, and such journals and transactions which properly summarize the transactions of the Franchised Business. The Franchisee hereby grants permission to the Company to examine all records of any supplier pertaining to Franchisee's purchases.

B. Reporting. The Franchisee shall furnish to the Company the following reports among others: (i) by the third (3rd) day after the end of the business week (currently Sunday), a telephonic or other electronic report (as the Company designates) of the Gross Sales of the Franchised Business for the preceding week; (ii) by the third (3rd) day after the end of the business week, a written report of the Gross Sales of the Franchised Business for the preceding week; (iii) by the fifteenth (15th) day after each calendar month, a profit and loss statement for the preceding calendar month and a year-to-date profit and loss statement and balance sheet; (iv) within seventy-five (75) days after the end of each calendar year, a calendar year-end balance sheet and an annual profit and loss statement for the calendar year reflecting all year-end adjustments; (v) within thirty (30) days of filing due dates, all state and local sales tax returns and

all federal, state and local income tax returns; and (vi) such other reports as Company may require from time to time. The Franchisee must verify and sign all reports submitted to the Company. Franchisee shall submit all reports in the manner prescribed by Company from time to time. If the Franchisee fails to report Franchisee's weekly Gross Sales on a timely basis, the Company may estimate Franchisee's Gross Sales; the Company may then withdraw any unpaid Royalty Fee, advertising contribution or other amount due by use of the electronic funds transfer system. The Franchisee authorizes the Company to utilize the data supplied by Franchisee in such manner and for such purposes as the Company may desire, including but not limited to, operations reports, advertising reports, other business reports and in any publication, disclosure statement, franchise disclosure document, or advertisement related to the sale of franchised businesses or related entities by Company, anywhere, at any time, without specific compensation therefore. Such data will not include any records or information relating to Franchisee's employees, as Franchisee exclusively controls its employment matters and practices.

C. Company's Right to Audit. The Franchisee shall allow the Company's representatives to enter, without prior notice, Franchisee's business premises during business hours to inspect and audit Franchisee's business operations, records, and reports. For purposes of this inspection and audit, records and reports exclude Franchisee's employment records for its employees. In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Franchised Business for any period, the Franchisee shall pay to the Company within ten (10) days after receipt of the inspection or the audit report, the royalty fee, the Advertising Fund contribution, and other fees plus interest and late fees due on the amount of the understatement. Further, in the event such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement of Gross Sales for any period is determined by any such inspection or audit to be greater than two percent (2%), the Franchisee shall reimburse the Company for the cost of such inspection or audit including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of employees or agents of the Company, and the Company shall have the right to require the Franchisee to furnish, at the Franchisee's sole cost and expense, audited financial statements thereafter. In addition, the Franchisee shall pay for all costs, as specified above, of the inspection and audit if Franchisee's books and records are not produced at the time of the inspection and audit, provided that the Company notified the Franchisee at least five (5) days prior to the scheduled inspection and audit date. The Company shall have the right to review the operation and administration of the Franchised Business by quality control testing, periodic field reviews and such other tests, reviews and inspections and other reasonable actions deemed desirable by the Company.

D. Inspections. The Franchisee acknowledges that to assure Franchisee's compliance with this Agreement, the mandatory provisions of the Franchise Operations Manual, and System Standards, Company shall have the unrestricted right to enter the Franchised Business to examine the operations and facilities including, but not limited to, testing, sampling, inspecting and observing the rendering of the services and products sold by Franchisee in order to ascertain compliance or noncompliance with this Agreement. Franchisee shall be under an affirmative duty to cooperate with Company or its duly authorized representatives in any such inspection by rendering any assistance as may be reasonably requested. Company shall have the right to observe, photograph and video tape the Franchisee's business's operations for such consecutive or intermittent periods as Company deems necessary. Company shall have the right to interview personnel and customers of the Franchised Business and to implement a mystery shopper program.

In the event the premises and/or the operation of Franchisee's Franchised Location are rated unacceptable by Company or a qualified third party agent designated by Company according to published standards for ROSATI'S PIZZA restaurants based on such inspection, Franchisee shall reimburse Company for any and all costs and expenses connected with the inspection (including, without limitation, reasonable compensation for the third party designated agent). Thereafter, Company may conduct additional inspections

every thirty (30) days itself or through a designated third party agent and Franchisee must reimburse Company for any and all costs and expenses connected with any and all inspections that result in an unacceptable rating for Franchisee's restaurant premises or business operations. The foregoing remedies shall be in addition to any other remedies Company may have for Franchisee's failure to comply with the terms of this Agreement.

9. Advertising.

A. Advertising Assistance from Company. Company may, from time to time, develop advertising, promotional and marketing materials and programs for the Rosati's Pizza franchise system that Company will make available to Franchisee at no charge or for a fee, as determined by Company. Franchisee agrees to implement any system-wide marketing and/or promotional programs developed and offered by Company from time to time in the manner required by Company.

B. Advertising Fund. The Company may administer a system-wide advertising fund into which all franchisees contribute ("Advertising Fund"). Company shall direct all advertising and marketing programs financed by the Advertising Fund, and shall have sole discretion over the creative concepts, advertising and marketing programs, and materials used therein, and the geographic, market and media placement and allocation thereof.

1. Franchisee shall contribute to the Advertising Fund an amount up to five percent (5%) of Franchisee's Gross Sales, as herein defined. Such amount shall be determined by Company from time to time. Company will give the Franchisee at least sixty (60) days' written notice before establishing the Advertising Fund and requiring contributions or increasing or decreasing the amount Franchisee is required to contribute to the Advertising Fund. Advertising Fund contributions shall be paid together with and in the same manner as payments made for the Royalty Fee due hereunder.

2. Franchisee agrees that the Advertising Fund may be used to pay the costs of preparing advertising and promotional materials and administering national, regional and local advertising programs and public relations activities as determined by the Company in its sole discretion. These programs and activities may include, without limitation, creating direct mail, advertising and media materials, formulating advertising and marketing programs, developing and maintaining website and internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering, gift card and loyalty rewards program, intranet development and ongoing operation, toll-free restaurant locator and other customer services, employing advertising agencies to assist therewith, creating sample advertising and promotional materials for ROSATI'S PIZZA restaurants, and participating in any national or regional trade shows that Company, in its sole discretion, deems appropriate. Through the Advertising Fund, the Company shall furnish Franchisee with approved advertising and marketing materials on the same terms and conditions as such materials are furnished to other ROSATI'S PIZZA restaurants.

3. The Advertising Fund shall be accounted for separately from the other funds of the Company and shall not be used to defray the Company's general operating expenses, except for such reasonable salaries of personnel who provide marketing assistance and/or who manage and administer the Advertising Fund, administrative costs and overhead as the Company may incur in activities reasonably related to the administration of the Advertising Fund and its advertising and marketing programs (including, without limitation, conducting market research, public relations, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund). The Company shall be authorized to spend in any fiscal year an amount greater or less than the aggregate contribution of all ROSATI'S PIZZA restaurants to the Advertising Fund in that year; and the Advertising Fund may borrow from the Company or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. A report of the receipts and

disbursements of the Advertising Fund, which may be audited, shall be prepared annually and shall be made available to Franchisee upon written request. The cost of preparing the report shall be paid by the Advertising Fund.

4. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize general public recognition and patronage of the Marks and ROSATI'S PIZZA businesses for the benefit of all ROSATI'S PIZZA restaurants and that the Company undertakes no obligation in administering the Advertising Fund to ensure that expenditures which are proportionate or equivalent to Franchisee's contributions are made for the market area of the Franchised Business or that any ROSATI'S PIZZA restaurant benefits directly or pro rata from the conduct of marketing programs or the placement of advertising. Except as expressly provided in this Section, the Company assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Company, may, in its sole discretion, rebate some or all of the contributions made to the Advertising Fund to Franchisee and other franchisees for use in local advertising and marketing, subject to Company's prior approval as required in Section 9.D. herein.

5. The Company shall also be allowed to cause the Advertising Fund to be incorporated or operated through an entity separate from the Company at such time as the Company deems appropriate; such entity shall have the same rights and duties as the Company does pursuant to this Section. Upon sixty (60) days prior written notice to Franchisee, the Company shall have the right, in its sole discretion, (i) to suspend contributions to and operation of the Advertising Fund for one (1) or more periods that Company determines to be appropriate or (ii) to terminate the Advertising Fund. The Company shall distribute all unspent monies of the Advertising Fund which was terminated to the Company, its affiliates and ROSATI'S PIZZA franchisees in proportion to their respective contributions to the Advertising Fund during the preceding twelve (12) month period. The Company shall have the right to reinstate the Advertising Fund upon the same terms and conditions as set forth in this Agreement, upon sixty (60) days prior written notice to Franchisee.

C. Directory Listings. Franchisee agrees to list and advertise continually the Franchised Business in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within Franchisee's Protected Area, and/or online telephone directory listings, as are specified by the Company, utilizing the Company's standard forms of listing and advertisements. Upon termination or expiration of this Agreement, Franchisee shall assign the right to all directory listings to Franchisor in conjunction with the assignment of the telephone numbers of the Franchised Business.

D. Advertising by Franchisee. All of Franchisee's advertising, marketing, promotions and media relations, including but not limited to print, directory advertising, television, radio, the Internet, and use of social media ("Franchisee Advertising"), must be factual and conform to the highest standards of ethical advertising, be in compliance with all applicable laws, and consistent with the Company's then current policies, standards and specifications as specified in the Operations Manual or other writing issued to franchisees. Prior to the use by Franchisee of any Franchisee Advertising not prepared or previously approved by Company, the content, design and images of all Franchisee Advertising shall be submitted to the Company for approval, which shall not be unreasonably withheld. If written disapproval is not received by Franchisee within fourteen (14) days from the date of receipt by the Company of such materials, the Company shall be deemed to have given the required approval. Franchisee shall not use any advertising, marketing, promotion or public relations materials or content that the Company has disapproved. Company reserves the right to subsequently determine in its sole discretion that any Franchisee Advertising in use is inappropriate or objectionable, and Franchisee shall immediately terminate or remove such advertising upon receipt of written notice from the Company. In the event Franchisee shall use any Franchisee Advertising not previously approved by Company or which has been disapproved by Company, Franchisee shall pay an administrative fee in the amount of Five Hundred Dollars (\$500) for

each violation upon receiving our invoice. This administrative fee shall compensate the Company for, amongst other things, the additional expenses incurred due to Franchisee's breach of this restriction. Nothing in this Section shall affect the Company's other rights and remedies under this Agreement.

E. Websites. Franchisee shall not develop or establish its own independent website. Company's website as it may be developed and changed from time to time is the sole property of the Company. Company may provide to Franchisee a page or page linked to the Company's Rosati's Pizza website. The specifications, standards and procedures Franchisee must follow for developing and maintaining a page on the Rosati's Pizza web site shall be set forth in the Operations Manual or otherwise in writing. All content on Franchisee's page on Rosati's Pizza Website is subject to Company's prior written approval.

F. Internet Promotion. Franchisee specifically acknowledges and agrees that any directory listing, advertising or other presence on the Internet or use of social media using the Marks, including any use of the Marks on any social or professional network, blog, micro-blog, or other on-line venue or in any other manner on the Internet, shall be deemed advertising under this Agreement, and will be subject to, among other things, Company's approval pursuant to the Section 9.D. above.

10. Marks.

A. Use the Marks Properly. Franchisee shall use the Marks as the sole identification of the Franchised Business, provided that Franchisee shall identify itself or himself as the independent owner thereof in the manner prescribed by the Company. Franchisee shall not use any Marks as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by the Company. Franchisee agrees to display the Marks prominently and in the manner prescribed by the Company on or in connection with signs, posters, displays, service contracts, stationery and other forms Company designates. Further, Franchisee agrees to give such notices of trademark or service mark registrations and copyrights as the Company specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain 'd/b/a 'ROSATI'S PIZZA.' Any sign face bearing the ROSATI'S PIZZA name shall remain the property of the Company even though the Franchisee may have paid a third-party provider to make the sign faces.

B. Infringing Uses. Franchisee shall immediately notify the Company in writing of any apparent infringement of or challenge to Franchisee's use of any Marks, or claim by any person of any rights in any Marks or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee shall not communicate with any person other than the Company and its counsel in connection with any such infringement, challenge or claim. The Company and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Company's counsel, or the counsel of the Company's affiliates, be necessary or advisable to protect and maintain the interests of the Company and its affiliates in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of the Company and its affiliates in the Marks.

C. Indemnification for Use of Marks. The Company may in its discretion but shall not be obligated to indemnify or defend Franchisee against, and to reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Marks, pursuant to

and in compliance with this Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceeding in which Franchisee is named as a party, provided that Franchisee has timely notified the Company of such claim or proceeding and has otherwise complied with this Agreement and that the Company shall have the right to defend any such claim.

D. Modification, Discontinuance or Substitution of Marks. If it becomes advisable at any time, in the Company's sole discretion, for the Company and/or Franchisee to modify or discontinue use of any Marks, and/or use one (1) or more additional or substitute trademarks or service marks, Franchisee agrees to comply therewith a reasonable time after notice thereof by the Company, and the sole liability and obligation of the Company in any such event shall be to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

E. Ownership of the Marks. Franchisee acknowledges the Company's prior rights in and to the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, does not give Franchisee any ownership interest therein, and is limited to the conduct of Franchisee's business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by the Company from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee shall constitute an infringement of the rights of the Company in and to the Marks. Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of the Company, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interest in the Marks upon Franchisee. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to Franchisee pursuant to this Agreement. All products, services, and any sales, marketing or promotional programs concerning same, which are developed presently or in the future by or on behalf of Franchisee in conjunction with, for use in, or arising from or related to the Franchised Business are irrevocably and permanently licensed to the Company for no additional charge to become part of ROSATI'S PIZZA System and for subsequent use by the Company and its affiliates and, if the Company determines, other ROSATI'S PIZZA franchisees.

F. Internet Usage. The Franchisee shall not obtain any domain names or website addresses for the Internet incorporating the Marks or create, develop, maintain and/or use a web site on the Internet using any of the Marks without the Company's prior written consent which may be withheld in its discretion. Franchisee shall not use any of the Marks on the Internet in any directory listing or advertising without the Company's prior written consent. Franchisee shall not make any reference to or any association with the Marks on any social platform, social or professional network, blog, micro-blog, or other on-line venue or in any other manner on the Internet without the Company's prior written consent. If any of the foregoing uses is specifically permitted in the Franchise Operations Manual or written policy, Franchisee use must conform completely to all of the applicable standards and procedures set forth in the Franchise Operations Manual or policy.

11. Confidential Information; Manuals.

A. Confidential Information. "Confidential Information" as used in this Agreement shall include information which Company considers its trade secrets and confidential information, including the Company's customer service standards and other standards and procedures, recipes and product mixes, promotional and marketing strategies, business methods, customer information and any other techniques and know-how concerning the operation of a ROSATI'S PIZZA restaurant business that make up part of the Systems and which may be communicated to Franchisee or which Franchisee may be apprised of by virtue of the training provided by Company, the Franchise Operations Manual, or otherwise by virtue of Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that any and all

information, knowledge, know-how, techniques, and other data which Company designates as confidential shall be Confidential Information for purposes of this Franchise Agreement. Franchisee acknowledges that if Franchisee disclosed any Confidential Information that it could substantially harm the Company, Franchisee and other ROSATI'S PIZZA franchisees. Franchisee agrees to secure, keep secret, and lock away the Franchise Operations Manual and any other ROSATI'S PIZZA System confidential materials. Franchisee agrees that Franchisee will maintain the absolute confidentiality of all, and not disclose any, Confidential Information during and after the term of this Agreement and that Franchisee will not use any Confidential Information in any other business or in any manner not specifically authorized or approved in writing by the Company. Franchisee agrees to require all of Franchisee's personnel that have access to the Confidential Information in carrying out his or her duties to sign a confidentiality and non-competition agreement in the form approved by the Company. Company has the right to review and approve the form or terms of the confidentiality and non-competition agreement that Franchisee uses

In addition, in the course of the operation of the Franchised Business, and for six (6) months after the termination or non-renewal of this Agreement, Franchisee, Franchisee's owners, managers or employees may develop ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements relating to the Franchised Business, which Franchisee agrees to disclose immediately to Company and which Company may then authorize Franchisee and other ROSATI'S PIZZA franchisees to use. Franchisee will also assure that any corresponding intellectual property rights (including without limitation any rights in utility or design patents, know-how, trade secrets, trademark, service mark and copyrights) in such ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements will be Company's property and the title and rights to which shall be legally assigned to Company immediately in writing by Franchisee, Franchisee's owners, managers, and employees. All of such information developed by Franchisee, Franchisee's owners, managers and employees will be included in the term "Confidential Information," as defined above.

B. Manuals. The Franchise Operations Manual is intended to protect the ROSATI'S PIZZA System and Marks and to further the purposes of this Agreement. The Operations Manual shall include both mandatory and recommended standards, specifications, procedures, processes and methods and the mandatory provisions of the Operations Manual are specifically incorporated into this Agreement such that it shall constitute provisions of this Agreement as if fully set forth herein. Franchisee acknowledges that the Franchise Operations Manual is not intended to control the day-to-day operations of the Franchised Business and that the Franchised Business will be under the control of Franchisee at all times. Company shall loan Franchisee one (1) copy of the Company's Franchise Operations Manual either as a hard paper copy or an electronic copy or accessed on an intranet system, which may include one (1) or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media and/or written materials that Company may periodically change. The Franchise Operations Manual may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating ROSATI'S PIZZA restaurants. Franchisee must keep their copy of the Franchise Operations Manual current by immediately inserting all modified pages Company furnishes to Franchisee. Revisions to the Franchise Operations Manual will be deemed effective immediately, unless Company specifies later effective date for a particular revision. If a dispute develops with respect to the contents of the Franchise Operations Manual, the master copy Company maintains at its principal office or the online Franchise Operations Manual will be controlling. Franchisee shall not duplicate or copy any part of the Franchise Operations Manual, permit any part of it to be copied, or disclose it to anyone not having a need to know its contents for purposes of operating the Franchised Business without Company's permission.

12. Term and Renewal.

A. Term. Commencing upon the date of this Agreement, the term of this Agreement is twenty (20) years unless terminated prior thereto pursuant to the provisions hereof.

B. Renewal. Franchisee may, at Franchisee's option, renew this franchise term for a successive additional ten (10) year term, subject to the following conditions which must be met prior to each renewal:

1. Franchisee shall have delivered to the Company written notice of Franchisee's desire to exercise Franchisee's option to renew at least six (6) months, but no more than twelve (12) months prior to the expiration of the term of this Agreement;

2. Franchisee shall have during the entire term of this Agreement substantially complied with all of its provisions and the provisions of any other agreement between Franchisee and the Company and/or its affiliates;

3. Company and Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute the form of franchise agreement and such ancillary agreements as are then customarily used by Company in the grant of ROSATI'S PIZZA franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise);

4. Franchisee shall pay a renewal fee to Company upon the execution of the renewal franchise agreement in the amount of Five Thousand Dollars (\$5,000);

5. Franchisee shall have satisfied all monetary obligations owed to Company and its subsidiaries and affiliates and to Company's designated suppliers;

6. Franchisee shall have presented satisfactory evidence to Company that Franchisee has the right to remain in possession of the Franchise Location for the duration of the renewal term;

7. Franchisee shall refurbish and remodel the premises of the Franchise Business and replace the equipment of the Franchised Business to be in compliance with the then-current standards and specifications utilized in the granting of ROSATI'S PIZZA franchises;

8. Franchisee shall comply with Company's then-current qualification and training requirement; and

9. Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute general releases, in form satisfactory to Company of any and all claims against the Company and its affiliates, and their officers, directors, shareholders, members, employees and agents.

The franchise agreement and ancillary agreements at the time of renewal may contain materially different terms from those contained in this Agreement. Failure by Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) to sign such agreement(s) and releases within thirty (30) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to renew. If Franchisee, for any reason, abandons, surrenders, or suffers revocation or non-renewal of all or part of Franchisee's rights and privileges under this Agreement, then all such rights and privileges shall revert to the Company.

C. Continued Operation Following Expiration. Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise in accordance with Section 12.B. If Company permits Franchisee to continue

to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Section 12.B., then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at the will of Company by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

13. Termination.

A. Termination by Franchisee. If Franchisee is in substantial compliance with this Agreement and the Company materially breaches this Agreement and fails to cure such breach within a reasonable time, which in no event shall be less than ninety (90) days, after written notice thereof is delivered to the Company, Franchisee may terminate this Agreement. Such termination shall be effective ten (10) days after delivery to the Company of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. Except as described in this Section, Franchisee has no right to terminate this Agreement.

B. Termination by Company without Opportunity to Cure. In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee becomes insolvent; makes an assignment for the benefit of creditors; files a voluntary petition in bankruptcy; files any pleading seeking any reorganization, liquidation or dissolution under any law; admits or fails to contest the material allegations of any such pleading filed against Franchisee; is adjudicated a bankrupt; a receiver is appointed for a substantial part of Franchisee's assets; or the claims of creditors of Franchisee or the Franchised Business are abated or subject to a moratorium under any law;

2. Franchisee fails to pass the training program for franchisees, or if Franchisee fails to provide Company with a copy of the fully executed Lease for Franchisee's restaurant within ninety (90) days after the date of this Agreement, or if Franchisee fails to commence operating ROSATI'S PIZZA restaurant within three hundred sixty-five (365) days after the date of this Agreement;

3. Franchisee abandons, or surrenders control of the operation of the Franchised Business without the Company's prior written consent;

4. Franchisee loses possession of the restaurant premises, or fails to make rental payments when due, or suffers termination of the Lease;

5. Franchisee submits to the Company on two (2) or more separate occasions at any time during any two (2) year period during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates the Gross Sales of the Franchised Business for any period by more than two percent (2%);

6. Franchisee is convicted of or pleads guilty to or no contest to a felony or other crime which substantially impairs the goodwill associated with ROSATI'S PIZZA Marks or ROSATI'S PIZZA System or engages in any misconduct which affects the reputation of the Franchised Business or the goodwill associated with ROSATI'S PIZZA Marks or ROSATI'S PIZZA System, as determined by the Company;

7. Franchisee loses any permit or license which is a prerequisite to the operation of the Franchised Business, or if Franchisee operates the Franchised Business in a manner that presents a health or safety hazard to customers, employees, or the public;

8. Franchisee makes a transfer or assignment of this Agreement, the assets of the Franchised Business, or Franchisee's ownership interest, which is not authorized as provided in the transferability section of this Agreement;

9. Franchisee has received three (3) or more notices of default during any twelve (12) month period, whether or not such defaults were cured;

10. Franchisee delivers to Company three (3) or more non-sufficient funds checks within any twelve (12) month period, whether or not such checks were subsequently paid; and

11. Franchisee made any material misrepresentation or omission in its application for the franchise.

C. Termination by Company with Opportunity to Cure. In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee fails to pay any amount owed to the Company or its affiliates or to Franchisee's suppliers, providers or vendors, when the same is due and payable and does not correct such failure within ten (10) days after written notice of such failure to comply is delivered to the Franchisee;

2. Franchisee fails to submit reports or financial data which Company requires under this Agreement, when the same are due and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee;

3. Franchisee fails to meet the Minimum Annual Gross Sales requirements set forth in Section 4.C within three (3) months after written notice of such failure is delivered to Franchisee; and

4. Franchisee fails to perform any of the terms and conditions in this Agreement, any mandatory specification, standard or operating procedure prescribed by the Company in the Franchise Operations Manual, or otherwise in writing, and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee.

D. Upon the occurrence of any of the above events of default which would allow the Company to terminate this Agreement (which termination Company may or may not choose to do), Company may authorize its suppliers to withhold shipment to the Franchisee of the Company's proprietary products and services and approved products and services until such time as Franchisee has cured the event of default.

E. Cross Default. Any default by Franchisee of any other agreement between the Company and Franchisee shall be deemed a default under this Agreement, and any default by Franchisee of this Agreement shall be deemed a default under any and all other agreements between Company and Franchisee. If the nature of such default under any other agreement would have permitted the Company to terminate this Agreement had said default occurred hereunder, the Company shall have the right to terminate this Agreement as if such default has occurred hereunder. For purposes of this Section, an

agreement between the Company or an affiliate of the Company and Franchisee or Franchisee's partner, shareholder, member, manager, executive officer or affiliate shall be deemed an agreement between the Company and Franchisee.

F. Appointment of Manager. Notwithstanding the provisions of Sections 13.B. and 13.C. above, in the event that Franchisee does not comply with any provision of this Agreement, the Company may, at its sole option, assign a manager to the Franchised Business on a daily basis for a continuous period of at least up to ninety (90) days, which may be extended by Company at its election for up to one (1) year, whose function will be to ensure compliance by Franchisee, Franchisee's employees and agents with the provisions of this Agreement, including without limitation, adherence to the standards, methods, procedures and specifications of the ROSATI'S PIZZA System and the rights and duties upon termination or expiration of this Agreement. During this time, the Company agrees to utilize reasonable efforts to periodically consult with Franchisee to discuss the return of management to the Franchisee. Franchisee shall pay the Company for the services of such manager at such reasonable rate as may be established by the Company. Franchisee agrees to indemnify and hold harmless the Company and its agents and employees who may act hereunder. Nothing in this Section shall affect the Company's other rights and remedies under this Agreement.

14. Rights and Duties Upon Termination or Expiration.

A. Upon termination or expiration of this Agreement, all of Franchisee's rights hereunder shall terminate, and Franchisee shall cease operating the Franchised Business. Franchisee complies with the following:

1. Franchisee shall forthwith discontinue use of the ROSATI'S PIZZA Marks, ROSATI'S PIZZA System, and all trade names, trademarks, service marks, trade dress, signs, colors, structures, interior and exterior decor, business methods, Confidential Information, printed goods and forms of advertising indicative of the Franchised Business.

2. Franchisee shall return the Franchise Operations Manual, any proprietary Software Program and any and all other materials containing Company's Confidential Information.

3. Franchisee shall pay all amounts due the Company and its affiliates.

4. Franchisee shall cancel any assumed name registration it obtained containing the Marks.

5. Franchisee shall return to the Company any ROSATI'S PIZZA signs and sign faces.

6. Franchisee shall not represent that Franchisee formerly did business under the ROSATI'S PIZZA name or that it is a current or former franchisee of Company.

7. Franchisee shall provide the Company with the names, addresses and telephone numbers of Franchisee's customers during the preceding three (3) years and any other customer data Company requests.

8. Franchisee shall promptly notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of the Company. Franchisee shall promptly assign to Company or its designee all of

Franchisee's rights in and to any domain name registrations, any directory listings, accounts with any social media platforms or networks, or any other present on the Internet, including passwords and account manager access, and shall notify the necessary parties of the termination of the Franchisee's right to use any such domain name, listing, social media account or other presence on the Internet and to authorize an assignment of same at the direction of the Company. Franchisee acknowledges that as between the Company and Franchisee, the Company has the sole rights to and interest in all e-mail and internet addresses, websites, domain names and search engine identifiers, listings or presence on any social media platform or networks, and all telephone and facsimile numbers and directory listings associated with the Marks. Franchisee authorizes the Company, and hereby appoints the Company and any officer of the Company as Franchisee's attorney-in-fact, to direct the telephone company (as authorized by the Exhibit E Conditional Assignment of Telephone Number and Social Media Accounts executed with this Agreement), internet service providers, domain name registrars, social media platforms and networks, and all listing agencies to transfer same to the Company or at its direction, should Franchisee fail or refuse to do so, and the telephone company, internet service providers, domain name registrars, social media platforms and networks, and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such e-mail and internet addresses, websites, domain names and search engine identifiers, listings or presence on any social media platform or networks, and all telephone and facsimile numbers and directory listings and its authority to direct their transfer.

9. Should Company exercise its option to assume the Lease for the Franchise Location pursuant to the Exhibit F Addendum to Franchisee's Lease, Franchisee shall promptly cooperate with Company in delivering possession of the leased premises to Company. If Company does not opt to take assignment of the Lease for the Franchise Location upon the expiration or termination of this Agreement, Franchisee shall immediately make such modifications or alterations to the leased premises as may be necessary to prevent any association between Company or the System and any business thereon subsequently operated, and shall make such specific additional changes thereto as Company may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this paragraph, Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at Franchisee's expense, which expense Franchisee agrees to pay upon demand.

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

B. Option to Purchase Assets. Upon the termination or expiration of this Agreement, the Company shall have a ninety (90) day option to purchase from Franchisee all of the equipment, supplies, inventory, advertising materials and any items with Company's Marks for cash at fair market value. If the Company and Franchisee do not agree upon the amount of the fair market value within a reasonable amount of time, then a business appraiser selected by mutual agreement shall determine the fair market value. The cost of the business appraiser shall be borne equally by the Company and Franchisee. The Company has an unrestricted right to assign this option to a third party. If the Company and Franchisee cannot mutually agree on one (1) appraiser, then the Company and Franchisee shall select separate appraisers, and the average of the determinations will be binding. In the event of separate appraisers, the Company and Franchisee shall bear costs separately. If Company elects to exercise any option to purchase herein provided, Company shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

C. Post-Termination Covenant Not to Compete. In the event of termination or expiration of this Agreement, Franchisee shall not, for a period of two (2) years after the later of (i) the date

of the termination or expiration or (ii) the date on which Franchisee ceases to conduct the business conducted pursuant to this Agreement, directly or indirectly:

(1) be associated as an employee, proprietor, stockholder, partner, member, agent, officer, director, consultant, representative, manager, spouse, parent, or in any other capacity with, or operate, engage, own, invest in, or participate in, (i) any Competitive Restaurant located within twenty (20) miles of Franchisee's former restaurant location or (ii) any Competitive Restaurant within twenty (20) miles of any other ROSATI'S PIZZA restaurant licensed by Company or (iii) any entity which franchises or otherwise grants to others the right to operate any restaurant serving featuring pizza or the other food items on the then-current ROSATI'S PIZZA menu. "Competitive Restaurant" as used herein shall mean any restaurant featuring pizza or other food items on the then-current ROSATI'S PIZZA menu. Competitive Restaurant shall include a restaurant licensed to use the "Rosati's Pizza" Mark from any licensor other than Rosati's Franchising, Inc. After the date of this Agreement, other franchisees may open additional Franchised Businesses, thereby expanding the prohibited area in this provision;

(2) divert or attempt to divert any former business or customer of the Franchised Business to any Competitive Restaurant;

(3) solicit or accept business from any former customers of the Franchised Business;

(4) solicit or employ or contract with any current or former employee or subcontractor of Franchisee, Company or any other ROSATI'S PIZZA business.

The two (2) year period referred to above shall be tolled during any period of Franchisee's noncompliance with the terms of this Agreement. In the event the duration, scope and/or geographic area set forth in this paragraph and Agreement are held to be unreasonable and therefore unenforceable by any court of competent jurisdiction, then the duration, scope and/or geographic area of the foregoing restrictions and agreements shall remain in full force and effect as to such maximum duration, scope and/or geographic area as the court shall allow.

Franchisee agrees that the covenants contained herein are prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, Franchisee agrees that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against Franchisee.

Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company for which no adequate remedy at law will be available. Accordingly, Franchisee hereby acknowledge that Company may seek to obtain the entry of an injunction prohibiting any conduct by Franchisee or Franchisee's owners in violation of the terms of the covenants not to compete set forth in this Agreement. 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 your unlawful use of the Company's Confidential Information. Further, Franchisee expressly agrees that the existence of any claims Franchisee may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants not to compete set forth in this Agreement. Franchisee further agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by the Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

D. Continuing Obligations. All obligations of the Company and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full

force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

15. Transferability of Interest.

A. Transfer by the Company. The Company shall have the right, in its sole discretion, to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of Company shall become solely responsible for all obligations of Company under this Agreement from the date of assignment. Franchisee shall execute such documents consenting to such a transfer as Company shall request.

B. Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Company has granted this franchise in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give (collectively "transfer") away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent, as set forth below, of Company. Any purported assignment or transfer not having the written consent of Company required by this Section shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate without opportunity to cure pursuant to the terms of this Agreement.

C. Conditions to Transfer. The Company shall not unreasonably withhold its written approval of an assignment or transfer, provided Franchisee and the assignee or transferee have met all of the following conditions as determined by Company in its sole discretion:

1. Franchisee has properly offered the Company the opportunity to exercise the right of first refusal as provided in the right of first refusal section of this Agreement, and the Company declined to exercise it;

2. The assignee or transferee has sufficient business experience, aptitude, financial resources, meets the Company's then-applicable standards for franchisees, is of good moral character, and does not operate a Competitive Restaurant;

3. Franchisee has delivered a copy of the purchase agreement and related documents to Company and Company has determined that the terms and conditions contained in such agreements, including price and payment terms, will not adversely affect the proposed assignee or transferee's future operation of the Franchised Business. Company shall have the right to communicate with and confer with both Franchisee and the proposed assignee on any aspect of the proposed transfer and to furnish the proposed assignee with financial and other information regarding the Franchised Business in Company's possession;

4. The assignee or transferee completes the initial training program required of new franchisees to Company's satisfaction;

5. The assignee or transferee executes the then-current form of franchise agreement and other agreements (which may contain materially different terms than those set forth herein) being used by the Company; or at Company's option, the assignee or transferee agrees in a form approved by the Company to be personally bound jointly and severally by all the provisions of this Agreement and

assume and guarantee all of Franchisee's obligations hereunder and all other agreements between Franchisee and the Company or its affiliates to the same extent as if they had been original parties to the original agreements;

6. Franchisee engages an escrow agent approved by the Company to handle the closing and supervise the exchange of funds;

7. All of Franchisee's money obligations owed to the Company, its affiliates, and the Advertising Fund are fully paid;

8. Franchisee is not in default under this Agreement or any other agreement between Franchisee and Company or its affiliates;

9. The assets of the Franchised Business must be refurbished, remodeled or replaced in order to be in compliance with the then-current standards and specification utilized in the granting of ROSATI'S PIZZA franchises;

10. The lessor has consented to the assignment of the Lease for the restaurant premises to the assignee or transferee if the Lease requires such a consent;

11. Franchisee pays the Company a non-refundable transfer fee in the amount of one-half (1/2) of the then-current initial franchise fee for a first franchise;

12. Franchisee (and each of Franchisee's shareholders or partners or members, if Franchisee is a corporation or a partnership or limited liability company) shall execute general releases of all claims against the Company, its affiliates, and their officers, directors, shareholders, members, employees and agents;

13. Company approves the material terms and conditions of the assignment from Franchisee to the proposed assignee and must have determined that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Franchised Business by the assignee; and

14. Franchisee must comply with all of the post-termination obligations under this Agreement.

D. Assignment to Partnership, Corporation or Limited Liability Company. If Franchisee is in full compliance with this Agreement, the Company shall not unreasonably withhold its consent to a transfer of this Agreement and the assets of the Franchised Business to a partnership or corporation or limited liability company, provided: (1) the partnership or corporation or limited liability company name does not include the word 'ROSATI'S' and its activities are confined exclusively to operating Franchisee's Franchised Business; (2) Franchisee owns and controls all of the general partnership interests, stock, membership interests, or the equity and voting power, and provided that, in a form approved by the Company, the partnership or corporation or limited liability company assumes all of Franchisee's obligations hereunder and the partners or shareholders or members agree to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements to the same extent as if they had been parties to the original agreements; (3) any subsequent transfer or issuance of partnerships interests or of shares of the corporation or membership interests in the limited liability company shall be subject to Company's consent and agreement; (4) the partnership's Partnership Agreement and each partnership interest certificate, or the corporation's Articles of Incorporation and Bylaws and each stock certificate, or the limited liability company's Articles

of Organization and Operating Agreement and each membership certificate shall clearly indicate that any transfer of partnership interests, shares of stock or membership interests is restricted and may be transferred subject to Company's consent and agreement only in accordance with the terms of this Agreement; and (5) Franchisee shall pay to the Company all legal expenses and other charges incurred by the Company in connection with such transfer.

E. Right of First Refusal. If Franchisee shall at any time determine to sell Franchisee's rights under this Agreement, or the assets of the Franchised Business, or Franchisee's ownership interest, in whole or part, Franchisee shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the Company. The Company or its designee shall, for a period of thirty (30) days from the date of delivery of such offer to the Company, have the right, exercisable by written notice to Franchisee, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that any brokers', agents', or finders' fees shall be deducted from the purchase price and the Company or its designee may substitute cash for any form of payment proposed in such offer. If the Company or its designee does not exercise this right of first refusal, Franchisee may, subject to the same conditions for transfers contained in this Agreement, complete the sale to such purchaser on the terms of the bona fide offer. If the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to the Company, or if there is a material change in the terms of the sale, the Company or its designee shall again have the right of first refusal herein provided.

F. Death or Disability. Upon the death or permanent disability of Franchisee (or Franchisee's managing shareholder or partner, or member, if Franchisee is a corporation or partnership or limited liability company), the executor, administrator, conservator, or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by the Company within a period of one hundred eighty (180) days, so long as arrangements satisfactory to the Company are made for the continued active management of the Franchised Business. Such transfers, including without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Franchisee shall be deemed to have a "permanent disability" if Franchisee's ability to operate or oversee the operation of the Franchised Business on a regular basis is for any reason curtailed for a continuous period of six (6) months. In addition to the foregoing, in order to prevent any interruption of the Franchised Business and to protect the goodwill associated with the ROSATI'S PIZZA Marks and System, if Franchisee dies or becomes disabled so that Franchisee is not able to operate or oversee the operation of the Franchised Business on a regular basis, the Company may at its option, but not obligation, operate the Franchised Business on Franchisee's behalf for a continuous period of at least up to ninety (90) days, which may be extended by Company at its election through the end of the one hundred eighty (180) day period, during which time the Company agrees to utilize reasonable efforts to periodically consult with Franchisee to discuss the status of the Franchised Business. All revenues received from the operation of the Franchised Business during such period of operation by the Company shall be kept in a separate account by the Company and the expenses of the Franchised Business including, without limitation, reasonable compensation and expenses of the Company and its agents and employees in operating the Franchised Business, shall be charged to such account. If, as herein provided, the Company elects to temporarily operate the Franchised Business on behalf of the Franchisee, the Franchisee agrees to indemnify and hold harmless the Company and its agents and employees who may act hereunder.

16. Enforcement.

A. Mandatory Mediation. Prior to commencing any legal proceeding, Franchisee must give notice to Company setting forth in reasonable detail the nature and basis of the claim or dispute, and the parties shall then seek to negotiate and resolve the dispute by negotiation between the parties for no less than

thirty (30) days. Thereafter, if a resolution is not reached, the parties agree to seek to resolve the dispute through an independent mediator. The parties will work diligently to agree upon a qualified, independent mediator. Unless otherwise mutually agreed, mediation shall commence at a location within the Chicago, Illinois metropolitan area within two (2) weeks after the selection of the mediator. Mediation shall continue until the parties agree to terminate the process, the mediator determines that the process is not working (i.e., has reached an impasse), or thirty (30) days have elapsed since the commencement of mediation and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding and confidential. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs otherwise. In the event the dispute is not resolved through mediation as provided herein, either party may proceed immediately to initiate arbitration proceedings concerning the dispute. Each party hereby agrees that all statements regarding settlement made in the course of mediation shall be strictly confidential, and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith settlement negotiations and/or mediation shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such settlement documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings. Notwithstanding the foregoing, Company shall have no obligation to mediate claims that are the subject of Paragraph 16.B herein, or to mediate claims against Franchisee for non-payment of royalties, advertising fund contributions and other amounts due to Company.

B. Specific Performance; Injunctive Relief. Provided Company gives Franchisee the appropriate notice, Company will be entitled, without being required to post a bond, to seek the entry of temporary and permanent injunctions and orders of specific performance to: (i) enforce the provisions of this Agreement relating to Franchisee's use of the Marks and Franchisee's non-disclosure and non-competition obligations under this Agreement; (ii) prohibit any act or omission by Franchisee or Franchisee's employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or the ROSATI'S PIZZA franchises; (iii) prevent any other irreparable harm to Company's interests; (iv) enforce Franchisee's obligations upon termination or expiration of this Agreement; and (v) to prohibit an assignment or attempted assignment of the this Agreement, the franchise or Franchisee in violation of the applicable provisions of this Agreement. If Company obtains an injunction or order of specific performance, Franchisee agrees to pay Company an amount equal to the total of Company's costs of obtaining it, including, without limitation, reasonable attorneys' fees, expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages Company incurs as a result of the breach of any such provision. Franchisee further agrees to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly.

C. Arbitration. Except for actions brought by Company as described in Section 16.B. above, or at Company's option, actions solely for non-payment by Franchisee, all controversies, disputes or claims arising between the Company and the Franchisee (including any claim against the Company's officers, directors, shareholders, agents and employees, in their capacity as such, or against the owners and guarantors of the Franchisee, if applicable) in connection with, arising from, or with respect to: (1) any provision of this Agreement or any other agreement related to this Agreement between the parties; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties related to this Agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchised Business (except controversies, disputes or claims relating to the Marks) which shall not be resolved in mediation (if required), shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted before a single arbitrator at a location within the Chicago, Illinois metropolitan area, and, except as otherwise provided in this Agreement, shall be administered

by the American Arbitration Association and conducted in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or any successor. The arbitrator shall be selected according to the Commercial Arbitration Rules of the American Arbitration Association with preference to be given to arbitrators experienced in franchise disputes. The parties agree that each shall file any compulsory counterclaims (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates within twenty (20) days of the date of filing of the claim or within the time to file an Answer to the claim to which it relates. Any such claim which is not submitted or filed as described herein will be forever barred. The arbitrator shall have the right to award or include in the award any relief which is deemed proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the due date), specific performance and injunctive relief, and attorneys' fees and costs in accordance with the terms of this Agreement. The arbitrator must issue a reasoned award explaining the bases for the decision. The parties agree that there shall be a record of the arbitration proceeding. Court reporter fees shall be paid in advance and split evenly between the parties. Except as set forth in Section 16.D, the award and decision of the arbitrator shall be conclusive, binding and non-appealable upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction, subject to the terms of this Agreement as to jurisdiction. The provisions of this Article shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The Franchisee and the Company agree that arbitration shall be conducted only on an individual, and not a class-wide, basis.

D. Appeals. Notwithstanding any language to the contrary in this Agreement, the parties hereby agree that any award issued by the Arbitrator as specified in Section 16.C may be appealed pursuant to the American Arbitration Association's Optional Appellate Arbitration Rules ("Appellate Rules"); that the award rendered by the arbitrator shall, at a minimum, be a reasoned award; and that the award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of the arbitrator's award pursuant to Section 16.C. by filing a Notice of Appeal with any American Arbitration Association office. The appeal shall be heard by a single arbitrator. Following the appeal process, the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

E. Governing Law/Consent to Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act 15 U.S.C. Section 1051 et. seq.), and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in this Section shall be governed by the United States Arbitration Act (9 U.S.C. Section 1 et seq) and the federal common law relating to arbitration, this Agreement and the franchise shall be governed by the internal laws of the State of Illinois (without reference to its choice of law and conflict of law rules), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision. Franchisee agrees that the Company may institute any action against Franchisee arising out of or relating to this Agreement, which is not required to be arbitrated under this Agreement or as to which arbitration has been waived by the parties, in any state or federal court of jurisdiction located in the State of Illinois and Franchisee irrevocably submits to the exclusive jurisdiction or venue of such courts.

F. Costs and Attorneys' Fees. If a claim for amounts owed by Franchisee to the Company or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or an arbitration forum and the Company is required to enforce this agreement in a judicial proceeding or an arbitration forum, the party prevailing in such proceeding shall be entitled to recover from the other its costs and expenses, including without limitation, court costs, fees for in-house or outside attorneys and paralegals, management preparation time, expert witness fees, collection agency fees, accounting fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding. If the Company is required to engage a collection agency or legal counsel in connection with any failure by Franchisee to pay when due amounts due the Company, or to submit when due any reports, information, or

supporting records, or in connection with any failure to otherwise comply with this Agreement, Franchisee shall reimburse the Company for any of the above listed costs and expenses incurred by it.

G. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. THE COMPANY AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY (I) ACTUAL DAMAGES SUSTAINED BY IT AND (II) TRADEMARK LAW TREBLE DAMAGES. THE COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

H. Limitation of Claims. Except for claims arising from underreporting of Gross Sales by Franchisee or nonpayment of amounts owed by Franchisee to the Company or its affiliates pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship of the Company and Franchisee in connection with Franchisee's operation of the business shall be barred unless an action or proceeding is commenced within one (1) year from the date of the occurrence of the facts giving rise to such claims.

I. Cumulative Remedies. The rights and remedies specifically granted to either Company or Franchisee by this Agreement will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

J. Class Action Waiver. Any proceeding (whether mediation, arbitration, trial to a court or jury, appeal or otherwise) must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("Class Action"). Franchisee and Company expressly waive any ability to maintain any Class Action in any forum. Further, an arbitration proceeding between us and you (or any of your or our affiliates and owners and guarantors) may not be consolidated with any other arbitration proceeding between them and any other franchisee, person or entity. Franchisee hereby agrees not to seek joinder of any of your claims with those of any other party. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action nor make an award to any person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator.

17. Independent Contractor; Indemnification. The Company and Franchisee are independent contractors. This Agreement does not create a fiduciary relationship between the Company and Franchisee.

A. Independent Contractor. Franchisee is not and shall not represent itself or himself to be the agent, joint venturer, partner or employee of the Company, or to be related to the Company other than as its independent franchisee. Franchisee shall conspicuously identify itself or himself at the Franchised Business and on the vehicles of the Franchised Business and in all dealings with suppliers, customers, employees, public officials and others as the owner of the Franchised Business. Franchisee shall place notices of independent ownership at the Franchised Business and on business cards, stationery, advertising and other materials as Company requires from time to time. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Company's behalf or to incur any debt or other obligation in Company's name. No representations shall be made or acts taken by Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and the Company shall not be bound in any manner whatsoever by any agreements, warranties or representations made by Franchisee to any other person nor with respect to any other action of

Franchisee. The Company shall have no liability for any sales, use, excise, income, property or other taxes levied upon Franchisee, the Franchised Business or its assets, or on Company in connection with the business Franchisee conducts, or on any payments Franchisee makes to Company pursuant to this Agreement or any franchise agreement (except for Company's own income taxes). If any such taxes are assessed against Company, Franchisee shall reimburse Company the actual amount of the taxes upon demand and upon receipt of proof of tax assessment. All royalty fees, advertising fees and other charges referred to in this Agreement are quoted exclusive of any value added, sales or other tax chargeable thereon, and Franchisee shall pay any such tax as required by law. The Company shall not be obligated or liable for any injury or death of any person or damage to any property caused by Franchisee's action, failure to act, negligence or willful conduct, nor for any liability of Franchisee.

B. No Employer Relationship. Franchisee expressly acknowledges that Company is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Company is not a joint employer with Franchisee. Franchisee acknowledges that Company's training, guidance, advice and assistance, the Franchisee's obligations under this Agreement and the standards and specifications required by Company hereunder and in the Operations Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and System, goodwill and brand consistency. Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator.

C. Indemnification. Franchisee and its owners shall indemnify and save the Company and its affiliates and their shareholders, members, managers, directors, officers, employees and agents ("Indemnitees") harmless (with counsel acceptable to the Company) from all fines, taxes, suits, proceedings, claims, demands or actions of any nature or kind whatsoever, directly or indirectly arising out of, or in any manner whatsoever associated or connected with Franchisee's operation of the Franchised Business, Franchisee's acts or omissions (including Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation and including any allegation that Company is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees), or the breach by Franchisee of any provision of this Agreement. Further, Franchisee and its owners shall indemnify and save the Company and its Indemnitees harmless from and against any and all damages, costs, expenses and fees (including without limitation, attorneys', accountants', and experts' fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses) incurred by or on behalf of any of the foregoing in the investigation or defense of any and all such fines, taxes, suits, proceedings, claims, demands or actions. The Company shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Franchisee agrees to give the Company notice of any such action, suit, proceeding, claim, inquiry or investigation. At the expense and risk of the Franchisee, the Company may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that the Company will seek the advice and counsel of the Franchisee, and shall keep the Franchisee informed, with regard to any such proposed or contemplated settlement(s). Such an undertaking by the Company shall in no manner or form diminish the Franchisee's obligation to indemnify the Company and to hold it harmless.

In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, the Company may, at any time and without notice as it in its judgment deems appropriate, offer, order, consent or agree to settlements or take such other remedial or corrective actions as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

All losses and expenses incurred under this Section 17.B shall be chargeable to and paid by

the Franchisee pursuant to its obligations of indemnity regardless of any actions, activity or defense undertaken by the Company or the subsequent success or failure of such actions, activity or defense. Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against the Franchisee. The Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from the Franchisee.

The Indemnitees and assumptions of liabilities and obligations set forth in this Agreement shall continue in full force and effect subsequent to, and notwithstanding the expiration or termination of, this Agreement.

18. General Provisions.

A. This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest.

B. All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when tendered for delivery if delivered by hand, or one (1) day after the date of deposit if deposited with a commercial delivery service which guarantees next day delivery, or two (2) days after deposit if mailed certified mail, return receipt requested, postage prepaid, addressed to the appropriate party at their respective addresses above or at such other place as the party entitled to notice may designate by notice given in the same manner to the other.

C. Time is of the essence of this Agreement and all provisions shall be so interpreted.

D. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement.

E. The obligations and authorizations hereunder shall be joint and several.

F. The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained herein, there shall not be any construction against the drafter of the document.

G. The preamble and recitals set forth above are hereby incorporated into and made a contractual part of the covenants of this Agreement. The exhibits referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

H. The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

I. No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by the Company of the payments

due it hereunder shall not be deemed to be a waiver by the Company of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, the Company will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time.

J. Franchisee acknowledges that the Company has, and will in the future, enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of ROSATI'S PIZZA System (the "Other Agreements"). Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement. No action taken by Company with respect to any one (1) or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. Company shall not bear any liability whatsoever to Franchisee under this Agreement by reason of Company's failure to waive any of the provisions of this Agreement, or to give a consent or approval hereunder even though Company may have waived such provisions or similar provisions or given similar consents or approvals under any one (1) or more of the Other Agreements.

K. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

L. If by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, Franchisee's ownership interest, or the Franchised Business, the Company will have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, any related agreements and any amendments thereto.

M. This Agreement and all exhibits to this Agreement, together with the mandatory System Standards contained in the Franchise Operations Manual, (which may be periodically modified, as provided in this Agreement) constitute the entire understanding and agreement between the parties and there are no other oral or written understandings or agreements between the parties, and no oral or written representations by the Company relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business, except for those contained in the Franchise Disclosure Document provided to Franchisee (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this Section is intended as, nor shall it be interpreted to be, a disclaimer by the Company of any representation made in its Franchise Disclosure Documents, including the exhibits and any amendments thereto. This Agreement may be executed in more than one (1) counterpart, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument.

N. The terms and conditions of any State Law Addendum attached hereto are incorporated herein.

O. Neither Franchisee nor the Company will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform our respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance

accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

P. Franchisee and Franchisee's owners agree to comply with and/or to assist Company to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee, and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interest is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's Owners are not otherwise in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing in or in any way relating to terrorist acts and acts of war. Franchisee and Franchisee's owners acknowledge and agree that any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners or employees or any "blocking" of any of Franchisee's assets under the Anti-Terrorism laws shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee shall have entered with Company or its affiliates, in accordance with the termination provisions of this Agreement.

19. Acknowledgments. Franchisee acknowledges each of the following:

A. Franchisee received the Company's franchise disclosure document at least fourteen (14) days prior to the signing of this Agreement.

B. Franchisee received a copy of this Agreement and any related agreements at least seven (7) days prior to signing them if unilateral changes have been made by Company to the form of Franchise Agreement in Company's Franchise Disclosure Document.

C. Franchisee has read and understands the Company's franchise disclosure document and this Agreement. Franchisee acknowledges that Franchisee has had the time and opportunity to obtain the advice and assistance of independent attorneys, accountants and other professional advisors and that all of Franchisee's questions regarding the Franchised Business have been answered to Franchisee's satisfaction prior to Franchisee's signing of this Agreement.

D. Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Company's high standards of quality and service and the uniformity of those standards at all ROSATI'S PIZZA Franchised Businesses in order to protect and preserve the goodwill of the Marks.

E. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognized that, like any other business, the nature of the business conducted by ROSATI'S PIZZA franchises may evolve and change over time, that an investment in a ROSATI'S PIZZA franchise involves business risks and that the success of the venture is largely dependent upon Franchisee's business abilities and efforts.

F. Neither Company nor any of its agents has made any oral, written or visual representations or projections of actual or potential sales, costs, earnings, income, gross or net profits or success of the business venture contemplated by this Agreement other than financial performance representations contained in Item 19 of Company's franchise disclosure document.

G. Franchisee has not received or relied on any representations about the franchise by Company, or its officers, directors, employees or agents, that are contrary to the statements made in Company's franchise disclosure document or to the terms herein.

H. In all of Franchisee's dealings with Company, the officers, directors, employees and agents of Company act only in a representative capacity, not in an individual capacity, and that this Agreement and all business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Company.

I. Company reserves the right, without accountability to Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts received by Company from any supplier who has been approved by Company from time to time in connection with the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the Franchised Business.

J. The covenants not to compete set forth in this Agreement are fair, reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

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

L. Each party to this Agreement states that he has no legal claims against the Company or any of its affiliates and releases the Company and its affiliates and their respective officers, directors, managers, agents and employees from any damage, expense, claim or actions of the past.

20. Entity as Franchisee; Guaranty and Assumption of Obligations. If Franchisee is an entity, the Exhibit C Statement of Ownership, Officers and Managers must be completed concurrently with the execution of this Agreement, and Franchisee hereby represents that the information provided in Exhibit C is true, complete and accurate. Franchisee shall promptly provide Company with written notification if any of the information contained in Exhibit C changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein prior to making any change in ownership. If Franchisee is an entity, this Agreement must be personally guaranteed and the obligations hereunder assumed by the Owners of the Franchisee, and all such Owners must execute the Guaranty and Assumption of Obligations which is attached hereto as Exhibit D concurrently with the execution of this Agreement by Franchisee.

21. Electronic Signature and Delivery: Date of Agreement. This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery. The effective date of the Agreement is the date as of which all parties have signed this Agreement and related exhibits.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the dates set forth below each signature.

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

FRANCHISEE:

By: _____
Darren Schmitt, Secretary

Franchisee

Date: _____

Date: _____

Franchisee

Date: _____

or if Franchisee is an entity:

A _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

FRANCHISE LOCATION AND PROTECTED AREA

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement.

Franchise Location: The franchise location approved by the Company for operation of the ROSATI'S PIZZA restaurant is _____

_____ (**"Franchise Location"**).

Protected Area: *Before signing this Exhibit A, initial one (1) below as applicable, and fill in number of miles if in an Urban Location.*

☐ **All Protected Areas Other than an Urban Location.** The Protected Area is the geographical area within four (4) miles of the front door, by road, of the Franchise Location using the roads in existence as of the date of this Agreement. The Protected Area is not computed as a radius as the crow flies around the Franchise Location. It is computed from front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of this Agreement.

☐ **Protected Area in an Urban Location.** The Protected Area is the geographical area within _____ (____) miles of the front door, by road, of the Franchise Location using the roads in existence as of the date of this Agreement. The Protected Area is not computed as a radius as the crow flies around the Franchise Location. It is computed from front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of this Agreement.

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

FRANCHISEE:

By: _____
Darren Schmitt, Secretary

Franchisee

Date: _____

Date: _____

Franchisee

Date: _____

or if Franchisee is an entity:

A _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT BETWEEN THE UNDERSIGNED PARTIES

SECURITY AGREEMENT

Rosati's Franchising, Inc., an Illinois corporation ("Secured Party"), and _____,
a(n) _____ ("Debtor"), agree as follows:

1. Background.

Secured party, as franchisor, and Debtor, as franchisee, are parties to a Franchise Agreement of even date (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms defined in the Franchise Agreement shall have the same meaning herein as therein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities collectively, "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement and all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the Franchised Business operated by Debtor ("Rosati's Pizza Restaurant"), and all equipment, fixtures, furnishings and improvements located at the Rosati's Pizza Restaurant, whether now owned or hereafter acquired by Debtor (the "Collateral").

3. Default.

3.1. **Definitions.** The term "Event of Default" means the occurrence and continuation of any one (1) or more of the following events:

(a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of the Obligations;

(b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the Rosati's Pizza Restaurant, or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the Rosati's Pizza Restaurant for thirty (30) days, unless the attachment or lien is being duly contested in good faith by Debtor and Secured Party is advised in writing

(c) if Debtor loses possession or the right of possession of all or a significant part of the

Rosati's Pizza Restaurant through condemnation or casualty and the Rosati's Pizza Restaurant is not relocated or reopened as required by the Franchise Agreement;

(d) if Debtor abandons, surrenders or transfers control of the operation of the Franchised Business without Secured Party's prior written consent; or

(e) if Debtor is a corporation, limited liability company, partnership, joint venture or other legal entity, any action is taken which purports to merge, consolidate, dissolve or liquidate Debtor without the prior written consent of Secured Party.

3.2. Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including, but not limited to, the right to enter upon the Rosati's Pizza Restaurant peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all or any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address first above written not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Illinois Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Illinois Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices. Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is (i) actually received or (ii) three (3) days after being mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses first set forth below. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of Illinois, without regard to the principles of conflict of laws thereof.

6. Miscellaneous.

6.1. This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns, and legal representatives of the parties hereto.

6.2. The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

6.3. Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor.

SECURED PARTY:
ROSATI'S FRANCHISING, INC.

By: _____
Darren Schmitt, Secretary

Address for Notice:

Date: _____

DEBTOR:

By: _____
Name: _____
Title: _____
Address for Notice:

Date: _____

EXHIBIT C

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP, OFFICERS AND MEMBERS

Owners of the Franchisee Entity:

List below the names, titles, residential addresses and respective percentage ownership interests of each owner of the Franchisee entity executing this Agreement, whether shareholder of a corporation, member of a limited liability company, or partner of a partnership (attach additional sheets if necessary):

- | | |
|---------------------------------------|---------------------------------------|
| 1. _____

_____ % | 2. _____

_____ % |
| 3. _____

_____ % | 4. _____

_____ % |

Officers (for corporation or LLC) and/or Managers (if manager-managed LLC) of the Franchisee Entity:

- | | |
|-------------------------------------|-------------------------------------|
| 1. _____

Title | 2. _____

Title |
| 3. _____

Title | 4. _____

Title |

EXHIBIT D

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Rosati's Franchising, Inc. (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any Other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to Franchisee or to any Other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guaranty shall apply to any amounts recovered from Company as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

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

GUARANTOR(S)

% OF INTEREST IN FRANCHISEE

Print Name: _____
Address: _____

Date: _____

Print Name: _____
Address: _____

Date: _____

Print Name: _____
Address: _____

Date: _____

Print Name: _____
Address: _____

Date: _____

(Percentage must equal 100)

EXHIBIT E

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS
AND SOCIAL MEDIA ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by Rosati's Franchising, Inc., an Illinois corporation (Franchisor/Assignee), hereby assigns unto the Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's ROSATI'S PIZZA restaurant at Assignor's address above-referenced and (ii) all accounts with social media platforms or networks, including passwords and log-in information. Assignor acknowledges that "ROSATI'S PIZZA" and the associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and social media accounts associated with "ROSATI'S PIZZA" trademarks and service marks was solely due to a limited license granted by Assignee/Franchisor in connection with the Assignee/Franchisor's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or social media accounts associated with the Assignee/Franchisor's trademark, including, but not limited to ROSATI'S PIZZA.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines to the appropriate social media companies to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said social media account, and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, the Assignee hereby assumes the performance of all of the terms, covenants and conditions of the telephone company with respect to such telephones, telephone numbers and telephone listings with the full force and effect as if the Assignee had been originally issued such telephones, telephone numbers, telephone listings and the usage thereof and all of the terms, covenants and conditions of the social media companies with respect to the social media accounts with full force and effect as if Assignee had originally been issued such social media accounts.

ASSIGNOR (Franchisee):

ASSIGNEE (Franchisor):
ROSATI'S FRANCHISING, INC.

By: _____
Name: _____
Title: _____

By: _____
Darren Schmitt, Secretary

Date: _____

Date: _____

COMPANY INITIALS _____
ROSATI'S PIZZA FRANCHISE AGREEMENT 2021

_____ FRANCHISEE INITIALS

EXHIBIT F

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

ADDENDUM TO FRANCHISEE'S LEASE AGREEMENT

THIS LEASE ADDENDUM (the "Addendum") is made and entered into this ____ day of _____, 20__, by and between _____, hereinafter referred to as "Landlord", and _____, hereinafter referred to as "Tenant", and modifies that certain lease (the "Lease") of even date herewith.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to the Lease, concerning real estate commonly described as _____ ("Premises");

WHEREAS, Tenant intends to use the Premises for the operation of a Rosati's Pizza franchised business pursuant to a Franchise Agreement between Tenant and Rosati's Franchising, Inc. ("Franchisor") using the Marks and system of doing business licensed to Tenant by Franchisor in the Franchise Agreement; and

WHEREAS, pursuant to the terms of the Franchise Agreement, Tenant's Lease for the operation of the Rosati's Pizza franchised business is subject to the approval of Franchisor and such lease must contain certain terms required by Franchisor.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the sufficient of which is hereby acknowledged, the parties agree as follows:

1. **COPY OF EXECUTED LEASE.** Landlord shall provide a copy of the fully executed Lease within ten (10) business days of execution to Rosati's Franchising, Inc., Attn: Business Manager, 425 N. Martingale Road, Suite 1150, Schaumburg IL 60173.

2. **ASSIGNMENT.** Tenant shall have the right to assign this Lease, without payment of an assignment fee and without Landlord's consent being required, to Franchisor, or any parent, subsidiary or affiliate of Franchisor ("a Franchisor Entity"). In such event, Tenant shall remain liable for any obligations occurring prior to the date of the assignment to Franchisor or a Franchisor Entity. Tenant, or Franchisor or a Franchisor Entity that has received an assignment of the Lease hereunder, shall have the right to assign this Lease, without payment of an assignment fee, and upon Landlord's approval which shall not be unreasonably withheld, to a duly authorized franchisee of Franchisor in connection with the sale, transfer or assignment of the business operated on the Premises. Landlord shall not withhold consent to an authorized franchisee of Franchisor if such franchisee has been approved by Franchisor. The assignor shall remain liable for any obligations accruing under the Lease prior to the date of the assignment and such assignee shall not be responsible for any obligations accruing under the Lease prior to the date of assignment. Landlord may require a replacement guaranty in the event of such assignment. The parties agree to execute any commercially reasonable documents necessary to document the assignment and assumption of the Lease hereunder. Any options to extend or renew the term of the Lease shall automatically transfer to an assignee in connection with an assignment and assumption of the Lease.

3. **FRANCHISOR'S OPTION TO ASSUME LEASE.** Landlord and Tenant grant to Franchisor the right, exercisable at the option of Franchisor, to take assignment of and assume all rights, title and

COMPANY INITIALS _____

_____ FRANCHISEE INITIALS

interest of Tenant in and to the Lease and the Premises: (a) on the termination or expiration of the Franchise Agreement between Tenant and Franchisor; (b) on the commencement of eviction or termination proceedings by the Landlord against Tenant; (c) on cessation of the use of the Premises by Tenant as a Rosati's Pizza restaurant; or (d) the abandonment or closing by Tenant of the Rosati's Pizza restaurant on the Premises. Franchisor must give written notice to Landlord of its intent to exercise this option within sixty (60) days after the event triggering the option. Landlord must give Franchisor prompt notice of the commencement of any eviction or termination proceedings against Tenant. If Franchisor timely exercises its option, the Lease and all rights, title and interest of Tenant under the Lease and to the Premises will be automatically be assigned to Franchisor and assumed by Franchisor (or an entity to be formed by Franchisor and controlled by Franchisor or one or more owners of Franchisor). If Franchisor does not give notice exercising its assignment option within the sixty (60) day period, Franchisor will be deemed to have forfeited its rights under this Paragraph. Upon Franchisor's written request, Landlord and/or Tenant agree to execute documents in a form acceptable to Landlord in its reasonable discretion confirming this assignment and assumption of the Lease. If Franchisor takes assignment of the Lease pursuant to this Paragraph, Franchisor shall not be deemed to have assumed any obligations of Tenant under the Lease existing as of the date of assignment and assumption.

4. **NOTICE AND CURE RIGHTS.** Landlord shall provide to Franchisor a copy of any written Notice of Default or Notice of Termination issued by Landlord to the Tenant at the time that such notice is issued to Tenant. Franchisor reserves the right, but is under no obligation, to cure any default(s) under the Lease if Tenant should fail to do so within fifteen (15) days after the expiration of the cure period given to Tenant in which to cure the default. Landlord shall not evict Tenant from the Premises unless it has delivered a copy of any Notice of Default or Notice of Termination to Franchisor and Franchisor has had the foregoing opportunity to cure the default(s). Landlord acknowledges and understands that by curing Tenant's default, Franchisor does not assume and Landlord shall not hold Franchisor responsible for any liabilities of Tenant under the Lease unless Franchisor assumes the Lease as provided in Paragraph 3 herein. All notices shall be sent to:

Rosati's Franchising, Inc.
Attention: Business Manager
425 N. Martingale Road, Suite 1150
Schaumburg IL 60173.

5. **FRANCHISOR'S SIGNAGE.** The Landlord consents that Tenant and/or Franchisor shall have the right to display at the Premises the Rosati's Pizza standard signage packages, including logo and lighted neon window signs, and any available pylon, monument or directory signage, as required Franchisor upon the execution of the Lease and as they may be modified and changed from time to time by Franchisor, subject only to the provision of local ordinances. Franchisor's current sign specifications are attached to this Addendum as Exhibit 1.

6. **USE OF PREMISES.** The Parties agree that, during the term of the Lease and any renewals or extensions, the Premises shall be used only for the operation of a Rosati's Pizza restaurant offering dine-in, carryout and/or delivery and offering pizza and related menu items, beer, wine, liquor (and other alcoholic beverages) and other products and services as authorized by Franchisor for Rosati's Pizza franchisees from time to time. Tenant's use clause shall in no way infringe on the exclusive rights to operate of any existing Tenants. Tenant shall be permitted to use an outdoor eating area when available, Tenant will also be allowed the right to use any exterior space deemed applicable for a walk-in cooler/freezer, or mechanical equipment deemed necessary to operate a Rosati's Pizza restaurant, as they may be modified and changed from time to time by Franchisor, subject only to the provision of local ordinances.

7. **EXCLUSIVE USE.** Tenant shall not at any time be restricted by Landlord from selling, nor shall Landlord grant any other tenant the exclusive right to sell, any items on Tenant's Menu. Throughout the term of the Lease and any renewals or extensions, Landlord agrees that Tenant shall have the exclusive use in the shopping center in which the Premises is located to engage in a business that primarily sells pizza. As used herein, the term "primarily" means that greater than 10% of the gross sales of the restaurant are derived from the sale of pizza calculated in a twelve (12) month period, throughout the term of the lease and any renewals and extensions and in the event that Tenant opens a Rosati's Pizza sports pub, Landlord agrees that Tenant shall have exclusive use in the shopping center in which the Premises is located to engage in a sports pub themed restaurant, (for example a Buffalo Wild Wings type of restaurant). Throughout the term of the Lease and any renewals or extensions and in the event that Tenant expands to a Rosati's Pizza sports pub after first opening as a Rosati's Pizza carryout/delivery restaurant, Landlord agrees that Tenant shall have the exclusive use in the shopping center in which the Premises is located to engage in a sports pub-themed restaurant (for example, a Buffalo Wild Wings type of restaurant) as long as the shopping center does not already have a tenant in place that engages in a sports pub themed restaurant. Landlord shall not allow any other tenant in the shopping center in which the Premises is located to violate the terms of this exclusivity agreement, and if a violation occurs, in addition to any other remedies Tenant may have at law or in equity, Tenant shall have the right to terminate this Lease upon thirty (30) days written notice.

8. **IMPROVEMENTS.** Landlord shall not unreasonably withhold its consent to any remodeling, redecorating or other alterations to the interior of the Premises as may be required by Franchisor from time to time so that the Tenant's Rosati's Pizza franchised business reflects the then-current image for Rosati's Pizza franchised businesses as required by Franchisor for the franchise system, on the condition that such work is performed in a good and workmanlike manner.

9. Landlord shall permit Franchisor to enter the Premises upon termination or expiration of the franchise agreement between Franchisor and Tenant, or upon the termination or expiration of the Lease between Landlord and Tenant, in order to (i) remove signage and other items bearing the Rosati's Pizza service marks and trademarks and otherwise to de-identify the Premises, and (ii) remove any furniture, fixtures, equipment, and inventory in which Franchisor has a security interest.

10. **LIEN SUBORDINATION.** If Landlord has a security interest or lien on Tenant's furniture, fixtures, equipment, and inventory ("Collateral") pursuant to either a statute, common law or the terms of this Lease, such security interest or lien shall be subject and subordinate to Franchisor's security interest in the Collateral pursuant to the terms of the Franchise Agreement, regardless of whether Franchisor's security interest has been perfected. Upon request, Landlord shall execute a waiver of Landlord's lien in a form reasonably acceptable to Landlord.

11. **CONTINGENCY.** In acknowledgement that Tenant must obtain the approval of this Lease from Franchisor, the parties agree that this Lease shall be contingent upon Tenant obtaining written approval of the Lease from Franchisor within twenty-one (21) days of the execution of this Lease (if such approval has not been obtained prior to the date of the execution of this Lease). If Tenant does not obtain Franchisor's written approval of the Lease within such twenty-one (21) day period, Tenant may within three (3) business days deliver written notice to Landlord that it has been unable to obtain the required approval and that, therefore, the Lease shall be null and void. If the Lease is declared null and void hereunder, all deposits made by Tenant shall be returned to Tenant by Landlord.

12. Landlord and Tenant agree not to amend the Lease in any respect except with the prior written consent of Franchisor. Landlord and Tenant shall not enter into an extension or renewal of this Lease without the prior written consent of Franchisor and without including the terms similar to those contained in this Addendum.

COMPANY INITIALS _____
ROSATI'S PIZZA FRANCHISE AGREEMENT 2021

_____ FRANCHISEE INITIALS

13. This Addendum amends the Lease between the parties describe hereinabove, and in the event of any conflict between the terms of this Addendum and the terms of this Lease, the terms of this Addendum shall control. Except as provided herein, all other terms of said Lease shall remain unchanged.

LANDLORD:

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 1 TO LEASE ADDENDUM

Franchisor's Current Sign Specifications

EXHIBIT G

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

As a duly authorized signer on the financial institution account identified below of the undersigned Franchisee, I authorize Rosati's Franchising, Inc. to initiate weekly electronic fund transfer debits from the account for payments due or when applicable, apply electronic funds transfer credits to the same. Said debits may be for Royalty Fees, Advertising Fund contributions (if applicable), interest, late fees, and any other amounts Franchisee owes to the Company or its affiliates pursuant to the Franchise Agreement between Franchisee and Company, and in amounts required by the Franchise Agreement. The dollar amount to be debited for each transfer will vary.

Currently, Rosati's Franchising, Inc. is initiating weekly debits on Thursday of every week for payment of the Royalty Fee and any other amounts then due, unless that day falls on a holiday, in which case the debit will be initiated the following business day. The dates and intervals for initiating debits for amounts due under the Franchise Agreement may be changed upon delivery of notice to Franchisee.

If any such electronic debit(s) should be returned by my financial institution as unpaid (Non-Sufficient or Uncollected Funds), I understand that Rosati's Franchising, Inc. shall be entitled to collect interest and late fees as provided in the Franchise Agreement, and to debit same from this account once there are sufficient funds to cover it.

This authorization is to remain in full force and effect until Rosati's Franchising, Inc. has received written notification of its termination in such time and in such manner as to afford Rosati's Franchising, Inc. a reasonable opportunity to act on it, and to obtain a replacement Electronic Funds Transfer Authorization from Franchisee for a replacement account. Any such notice should be sent to the following address:

Rosati's Franchising, Inc.
Attn: Darren Schmitt
425 N. Martingale Road, Suite 1150
Schaumburg, Illinois 60173

Franchisee is responsible for, and shall pay on demand, all costs or fee charged by the financial institution holding the account relating to the handling of debits pursuant to this authorization. I understand and authorize all of the above.

FRANCHISEE: _____

AUTHORIZING SIGNATURE: _____ DATE: _____

PRINT NAME AND TITLE: _____

STORE ADDRESS: _____

Financial Institution Account Identifying Information:

Enter financial institution account information in the fields below or attach a voided check.

Financial Institution:	Branch:
City:	State & Zip Code:
Transit / ABA # (Routing #):	Account #:

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

ROSATI'S PIZZA
FRANCHISE OPERATIONS MANUAL
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RECIPE AND PREP APPENDIX

SAMPLE FORMS APPENDIX

SITE SELECTION APPENDIX

EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE ACKNOWLEDGEMENT QUESTIONNAIRE

FRANCHISEE ACKNOWLEDGEMENT QUESTIONNAIRE

To be completed prior to signing the Franchise Agreement

As you know, Rosati's Franchising, Inc. ("Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a ROSATI'S PIZZA Restaurant franchise. The purpose of this Questionnaire is to determine whether Rosati's Franchising, Inc. provided timely and adequate disclosure to you about the Franchised Business and to determine whether any statements or promises not authorized by Rosati's Franchising, Inc. were made to you, either orally or in writing, that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and carefully reviewed the Rosati's Pizza Franchise Disclosure Document which was provided to you?

Yes____ No____

2. On what date did you receive the Franchise Disclosure Document? _____

3. Before receiving the Franchise Disclosure Document, were you informed by the Franchisor that the Franchise Disclosure Document was available in other formats than hard copy and what you would need to access any alternate formats?

Yes____ No____

4. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No____

5. Did the Franchise Disclosure Document receipt (and any additional receipts delivered to you) identify all of the Franchise Sellers that you worked with in investigating the purchase of a Rosati's Pizza franchise?

Yes____ No____

6. Have you received and carefully reviewed the Franchise Agreement and each exhibit attached to it?

Yes____ No____

7. Have you received execution copies of the Franchise Agreement that were completed with all of the blanks filled in?

Yes____ No____

8. Were any questions that you had for the Franchisor regarding a Rosati's Pizza franchise or the Franchise Agreement answered to your satisfaction?

Yes____ No____

9. Have you had the opportunity to discuss the benefits and risks of owning and operating a Rosati's Pizza franchise with an attorney, accountant and/or other professional advisor?

Yes____ No____

10. Have you conducted an independent investigation of the Rosati's Pizza franchise business and do you understand that the purchase of a Rosati's Pizza franchise is a business decision that has many of the same risks associated with starting any type of new business?

Yes____ No____

11. Do you understand that as a franchisee you will be an independent business owner and not an employee of the Franchisor?

Yes____ No____

12. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, the time and effort you put into the business, your ability to and willingness to follow the Rosati's Pizza system and methods of doing business, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes____ No____

13. Do you understand and acknowledge that Rosati's Franchising, Inc. cannot guarantee the success of your Rosati's Pizza restaurant franchise or that it will achieve profitability?

Yes____ No____

14. IF YOU HAVE ANSWERED "NO" TO ANY OF QUESTIONS 1 THROUGH 12 ABOVE, PLEASE INDICATE THE NUMBER OF THE QUESTION(S) AND A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW OR ATTACH AN ADDITIONAL SHEET IF NECESSARY. IF YOU HAVE ANSWERED "YES" TO ALL OF QUESTIONS 1 THROUGH 12 ABOVE, PLEASE LEAVE THE FOLLOWING LINES BLANK.

<u>Question No.</u>	<u>Explanation</u>
_____	_____
_____	_____
_____	_____
_____	_____

15. Has any officer, employee, corporate advisor, franchise broker or other person speaking on behalf of Franchisor made any written or oral statement or promise concerning the actual sales or revenues of any

Rosati's Pizza restaurant other than information contained in Item 19 of the Franchise Disclosure Document?

Yes____ No____

16. Has any officer, employee, corporate advisor, franchise broker or other person speaking on behalf of Franchisor made any written or oral statement or promise concerning the gross or net profits from operating of a Rosati's Pizza restaurant franchise?

Yes____ No____

17. Has any officer, employee, corporate advisor, franchisor broker or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the amount of money you may earn in operating a Rosati's Pizza restaurant franchise?

Yes____ No____

18. Has any officer, employee, corporate advisor, franchise broker or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the costs you may incur in establishing or operating a Rosati's Pizza restaurant franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

19. Has any officer, employee, corporate advisor, franchise broker or other person speaking on behalf of Franchisor made any written or oral statement, promise or purported agreement concerning the advertising, marketing, training, support services or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

20. Has any officer, employee, corporate advisor, franchise broker or other person speaking on behalf of Franchisor made any other written or oral statement, promise or purported agreement relating to the Rosati's Pizza restaurant franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

21. IF YOU HAVE ANSWERED "YES" TO ANY OF QUESTIONS 14 THROUGH 19 ABOVE, PLEASE INDICATE THE NUMBER OF THE QUESTION(S) AND A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW OR ATTACH AN ADDITIONAL SHEET IF NECESSARY. IF YOU HAVE ANSWERED "NO" TO ALL OF QUESTIONS 14 THROUGH 19 ABOVE, PLEASE LEAVE THE FOLLOWING LINES BLANK.

<u>Question No.</u>	<u>Explanation</u>

You understand that your answers are important to Rosati's Franchising, Inc. and that it relies on them in making a decision whether to award a Rosati's Pizza franchise. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions and that you fully understand and accept the business risks involved in the purchase of a franchise business.

Date: _____

Prospective Franchisee

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDUM

Some administrators of franchise registration states may require us to enter into an addendum to the Rosati's Pizza Franchise Disclosure Document and/or franchise agreement describing certain state laws or regulations which may supersede the Franchise Disclosure Document or franchise agreement. If you are in a registration state which requires an addendum, it will follow this page.

ROSATI'S FRANCHISING, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

The Rosati's Franchising, Inc. Franchise Disclosure Document for use in the State of California is modified in accordance with the following:

Franchisor's websites, www.myrosatis.com, www.rosatisfranchising.com, and www.rosatispizzafranchise.com, have not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

RISK FACTOR:

THE FRANCHISEE MUST MAINTAIN AVERAGE GROSS SALES OF \$25,000 PER MONTH FOR ANY 6 CONSECUTIVE MONTHS. IF THE FRANCHISEE FAILS TO DO SO, AFTER NOTICE AND A 3 MONTH CURE PERIOD, THE FRANCHISOR MAY TERMINATE THE FRANCHISE AND/OR FRANCHISEE'S RIGHTS TO THE PROTECTED AREA.

Item 1 of the Franchise Disclosure Document is revised to include the following:

The State of California has codified regulations specific to the food service industry. You may refer to California Plan Check Guide for Retail Food Facilities at <http://www.ccdeh.com/resources/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file>. For further requirements, please see the California Retail Food Code at <http://www.cdph.ca.gov/services/Documents/fdbRFC.pdf>.

Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations, Title 4 for the sale of alcoholic beverages.

Item 3 of the Franchise Disclosure Document is revised to include the following:

Under California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or a plea of nolo contendere.

Neither Rosati's Franchising, Inc., nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Item 12 of the Franchise Disclosure Document is revised to include the following:

We have used and we and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing (including without limitation door to door hand delivery of menus and/or flyers), to make sales of products and services within the Protected Area using the Marks or other marks.

Item 17 of the Franchise Disclosure Document is revised to include the following:

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

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

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

The Franchise Agreement requires application of the laws of a state other than the State of California. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement states that franchisee must sign a general release if franchisee transfers its franchise or renews or signs a successor Franchise Agreement. California Corporations Code § 31512 voids a waiver of franchisee's rights under the Franchise Investment Law (California Corporations Code §§ 31000 – 31516). Business and Professional Code § 20010 voids a waiver of franchisee's rights under the Franchise Relations Act (Business and Professionals Code §§ 20000 – 20043).

Item 19 of the Franchise Disclosure Document is revised to include the following:

The financial performance representation figures do not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

This addendum to the Franchise Agreement is agreed to this between ROSATI'S FRANCHISING, INC. (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

1. Section 12.B. of the Franchise Agreement on Renewal and Section 13 of the Franchise Agreement on Termination are amended by the addition of the following language to the original language that appears therein:

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

2. Section 14.C. of the Franchise Agreement on Post-Termination Covenant Not to Compete is amended by the addition of the following language to the original language that appears therein:

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

3. Section 13 of the Franchise Agreement on Termination by Company is amended by the addition of the following language to the original language that appears therein:

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

4. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement requires application of the laws of the State of Illinois. This provision may not be enforceable under California law."

5. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement requires that litigation occur in the State of Illinois with the costs being borne by the losing party. This provision may not be enforceable under California law."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

The Rosati's Franchising, Inc. Disclosure Document for use in the State of Hawaii is modified in accordance with the following:

1. For Hawaii franchisees, the conditions under which the franchise can be terminated and rights upon nonrenewal may be affected by Hawaii Revised Statutes, Section 482E-6.

ROSATI'S FRANCHISING, LLC
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

The Rosati's Franchising, Inc. Franchise Disclosure Document for use in the State of Illinois is modified in accordance with the following:

ROSATI'S PIZZA RESTAURANTS HAVE BEEN IN OPERATION A LONG TIME. SOME ARE OWNED BY MEMBERS OF THE ROSATI FAMILY. OTHERS ARE OWNED BY LICENSEES/FRANCHISEES OF VARIOUS ROSATI FAMILY MEMBERS. OTHER THAN THE SHARED PROMISE TO NOT LOCATE RESTAURANTS WITHIN FIVE MILES OF EACH OTHER, EACH OPERATES INDEPENDENTLY. AS DESCRIBED IN ITEM 12 OF THIS DISCLOSURE DOCUMENT, WE PROMISE OUR FRANCHISEES THAT WE WILL NOT OPEN OR ENFRANCHISE ANOTHER ROSATI'S PIZZA RESTAURANT LOCATION WITHIN FOUR MILES FRONT DOOR TO FRONT DOOR BY ROAD USING ROADS IN EXISTENCE WHEN THE FRANCHISE AGREEMENT IS SIGNED.

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

ROSATI'S FRANCHISING, INC.
ADDENDUM TO FRANCHISE AGREEMENT
FOR USE IN STATE OF ILLINOIS

THIS ADDENDUM to the Franchise Agreement is agreed to between ROSATI'S FRANCHISING, INC. and _____ (Franchisee) to amend said Franchise Agreement to include the following language:

1. Section 12.B. of the Franchise Agreement on Renewal and Section 13 of the Franchise Agreement on Termination are amended by the addition of the following language to the original language that appears therein:

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to Franchisee concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with Act, the Act will control.

2. Section 16.F. of the Franchise Agreement on Limitations of Claims shall not apply to any claims arising under the Illinois Franchise Disclosure Act.

3. Any condition, stipulation or provision in this Agreement purporting to bind Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____
Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

This addendum to the Franchise Agreement is agreed to Rosati's Franchising, Inc. (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

The Indiana Franchises Law, Title 23, Chapter 2.5, Sections 1 through 51 of the Indiana Code, supersedes any provisions of the Franchise Agreement if such provisions are in conflict with that law.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

This Addendum is to a Franchise Agreement between Rosati's Franchising, Inc. and _____ (Franchisee) to amend said Agreement as follows:

1. Section 12.B. of the Franchise Agreement on Renewal, and Section 15.C. of the Franchise Agreement on Conditions to Transfer by Franchisee are amended by the addition of the following language to the original language that appears therein:

"Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor as a condition of renewal, sale, and/or assignment/transfer shall not apply under Maryland Franchise Registration and Disclosure Law."

2. Section 13 of the Franchise Agreement on Termination by Company is amended by the addition of the following language to the original language that appears therein:

"Termination upon bankruptcy of the Franchisor may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction shall be amended by the addition of the following language to the original language that appears therein:

"Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Section 19 of the Franchise Agreement on Acknowledgements shall be amended by the addition of the following language to the original language that appears therein:

"The representations of this section are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

5. Section 16.F. of the Franchise Agreement on Limitation of Claims is amended by the addition of the following:

"Any limitation of claims provisions shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

This Addendum is to a Multi-Unit Development Agreement between Rosati's Franchising, Inc. and _____ (Developer) to amend said Agreement as follows:

1. Section 7.2(a) of the Multi-Unit Development Agreement on Default and Termination is amended by the addition of the following language to the original language that appears therein:

"Termination upon bankruptcy of the Franchisor may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Section 12.5 of the Multi-Unit Development Agreement on Governing Law/Consent to Jurisdiction shall be amended by the addition of the following language to the original language that appears therein:

"Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

3. Section 16 of the Multi-Unit Development Agreement on Acknowledgements shall be amended by the addition of the following language to the original language that appears therein:

"The representations of this section are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

4. Section 12.8 of the Multi- Unit Development Agreement on Limitation of Claims is amended by the addition of the following:

"Any limitation of claims provisions shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

DEVELOPER:

By: _____
Title: _____

Developer

Date: _____

Date: _____

Developer

Date: _____

OR if Developer is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Rosati's Franchising, Inc. Franchise Disclosure Document for use in the State of Minnesota is modified in accordance with the following:

1. Item 13 of the Franchise Disclosure Document on "Trademarks" is amended by the addition of the following language:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

2. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language:

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement."

3. Item 17.c. and 17.m. of the Franchise Disclosure Document are amended by the addition of the following language:

"The execution of a general release upon renewal or transfer shall be inapplicable to claims arising under the Minnesota Franchises law."

4. Item 17.u. and 17.v. of the Franchise Disclosure Document are amended by the addition of the following language:

"Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination, penalties or

judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This addendum to the Franchise Agreement is agreed to between Rosati's Franchising, Inc. (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

1. Section 12.B. of the Franchise Agreement on Renewal and Section 13 of the Franchise Agreement on Termination is amended by the addition of the following language to the original language that appears therein:

"Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. These provisions of Minnesota law are hereby incorporated by reference in this Agreement."

2. Section 12.B. of the Franchise Agreement on Renewal and Section 15.C. of the Franchise Agreement on Conditions to Transfer by Franchisee are each amended by the addition of the following language to the original language that appears therein:

"The execution of a general release upon renewal or transfer shall be inapplicable to claims arising under the Minnesota Franchises law."

3. Section 10 of the Franchise Agreement on Use of the Marks Properly is amended by the addition of the following language to the original language that appears therein:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

4. Section 14.C. of the Franchise Agreement on Post-Termination Covenant Not to Compete is amended by the addition of the following language to the original language that appears therein:

"These provisions may not be enforceable under Minnesota law."

5. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction. Section 9.D. of the Franchise Agreement on Waiver of Punitive Damages and Jury Trial are each amended by the addition of the following language to the original language that appears therein:

"Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

6. Section 16.F. of the Franchise Agreement on Limitation of Claims is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding the foregoing, any claim brought under the Minnesota Franchises Law shall not be barred unless an arbitration or legal proceeding is commenced within three (3) years after the cause of action accrues."

7. Section 16.B. of the Franchise Agreement on Specific Performance; Injunctive Relief is amended in part to provide that the court will determine if a bond will be posted.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian

franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s

obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

The Rosati's Franchising, Inc. Franchise Disclosure Document for use in the State of North Dakota is modified in accordance with the following:

1. Item 17.c. of the Franchise Disclosure Document on "Requirements for franchisee to renew or extend" and Item 17.m. of the Franchise Disclosure Document on "Conditions for franchisor approval of transfer" are amended by the addition of the following:

"The execution of a general release upon renewal, assignment or termination shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

2. Item 17.r. of the Franchise Disclosure Document on "Non-competition covenants after the franchise is terminated or expires" is amended by the addition of the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Item 17.u. of the Franchise Disclosure Document on "Dispute resolution by arbitration or mediation" shall be amended by the addition of the following:

"The site of arbitration or mediation shall be agreeable to all parties and may not be remote from the franchisee's place of business."

4. Item 17.v. of the Franchise Disclosure Document on "Choice of forum" shall be amended by the deletion of the following:

"Arbitration must be in the Chicago, Illinois metropolitan area. Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law)."

The above deletion will be replaced by the following:

"Arbitration of disputes with franchises operating under the North Dakota Franchise Investment Law shall be at a location mutually agreeable to the parties and may not be remote from the franchisee's place of business."

5. Item 17.w. of the Franchise Disclosure Document on "Choice of law" shall be amended to read as follows:

"Except for applicable federal law, North Dakota law applies (subject to state law)."

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Addendum is to a Franchise Agreement between Rosati's Franchising, Inc. (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

1. Section 12.B. of the Franchise Agreement on Renewal and Section 15.C. of the Franchise Agreement on Conditions to Transfer are amended by the addition of the following language to the original language that appears therein:

"The execution of a general release upon renewal, assignment or termination shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."
2. Section 14.C. of the Franchise Agreement on Post-Termination Covenants Not to Compete is amended by the addition of the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."
3. Section 16.A. of the Franchise Agreement on Mandatory Mediation is amended in part by changing "a location within the Chicago, Illinois metropolitan area" to "a site agreeable to the parties and not remote from the franchisee's place of business."
4. Section 16.C. of the Franchise Agreement on Arbitration is amended by changing "Such arbitration proceedings shall be conducted before a single arbitrator at a location within the Chicago, Illinois metropolitan area..." to read "Such arbitration proceedings shall be conducted before a single arbitrator at a location mutually agreeable to all parties and not remote to the franchisee's place of business..."
5. Section 16.E. of the Franchise Agreement on Governing Law/Consent to Jurisdiction is deleted in its entirety.
6. Section 16.G. of the Franchise Agreement on Waiver of Punitive Damages and Jury Trial is deleted in its entirety.
7. Section 16.H. of the Franchise Agreement on Limitations of Claims is amended by adding the following: "The statute of limitations under North Dakota law applies."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____

Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Addendum is to a Franchise Agreement between Rosati's Franchising, Inc. (Franchisor) and _____ (Developer) to amend said Agreement as follows:

1. Section 9 of the Multi-Unit Development Agreement on Post-Termination Covenants is amended by the addition of the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

2. Section 12 of the Multi-Unit Development Agreement on Mandatory Mediation is amended by the deletion of the following:

"Unless otherwise mutually agreed, mediation shall commence at a location within the Chicago, Illinois metropolitan area..."

The above deletion will be replaced by the following:

"The site of mediation shall be agreeable to all parties and may not be remote from the franchisee's place of business..."

3. Section 12.3 of the Multi-Unit Development Agreement on Arbitration is amended by the deletion of the following:

"Such arbitration proceedings shall be conducted before a single arbitrator at a location within the Chicago, Illinois metropolitan area..."

The above deletion will be replaced by the following:

"Such arbitration proceedings shall be conducted before a single arbitrator at a location mutually agreeable to all parties and not remote to the franchisee's place of business..."

4. Section 12.5 of the Multi-Unit Development Agreement on Governing Law/Consent to Jurisdiction is deleted in its entirety.
5. Section 12.7 of the Multi-Unit Development Agreement on Waiver of Punitive Damages and Jury Trial is deleted in its entirety.
6. Section 12.8 of the Multi-Unit Development Agreement on Limitation of Claims is amended by adding the following: "The statute of limitations under North Dakota law applies."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

DEVELOPER:

Developer

Date: _____

Developer

Date: _____

OR if Developer is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

1. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This addendum to the Franchise Agreement is agreed to between Rosati's Franchising, Inc. and _____ (Franchisee) to amend said Agreement as follows:

1. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____
Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, LLC
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Rosati's Franchising, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination states in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

ROSATI'S FRANCHISING, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

The Franchise Disclosure Document is amended by the addition of the following:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.1000 RCW shall prevail.

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable by a franchisor against an employee of the franchisee unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). Pursuant to RCW 49.62.030, a noncompetition covenant is void and unenforceable by a franchisor against an independent contractor of the franchisee unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$200,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or a franchisee or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until (a) the Franchisor has met all pre-opening obligations that franchisee is entitled to under the franchise agreement or Franchise Disclosure Document and (b) Franchisee is open business.

ROSATI'S FRANCHISING, INC.
ADDENDUM TO FRANCHISE AGREEMENT
FOR USE IN STATE OF WASHINGTON

This addendum to the Franchise Agreement is agreed to between Rosati's Franchising, Inc. (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.1000 RCW shall prevail.

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable by a franchisor against an employee of the franchisee unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). Pursuant to RCW 49.62.030, a noncompetition covenant is void and unenforceable by a franchisor against an independent contractor of the franchisee unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$200,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or a franchisee or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until (a) the Franchisor has met all pre-opening obligations that franchisee is entitled to under the franchise agreement or Franchise Disclosure Document and (b) Franchisee is open business.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATTI'S FRANCHISING, INC.
An Illinois corporation

By: _____

Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN STATE OF WASHINGTON

This addendum to the Multi-Unit Development Agreement is agreed to between Rosati's Franchising, Inc. (Company) and _____ (Developer) to amend said Agreement as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.1000 RCW shall prevail.

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable by a franchisor against an employee of the franchisee unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). Pursuant to RCW 49.62.030, a noncompetition covenant is void and unenforceable by a franchisor against an independent contractor of the franchisee unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$200,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or a franchisee or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Because the Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionately with respect to each franchise outlet opened and is deferred until Franchisor has met all of its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:

ROSATI'S FRANCHISING, INC.

An Illinois corporation

By: _____

Title: _____

Date: _____

DEVELOPER:

Developer

Date: _____

Developer

Date: _____

OR if Developer is an entity:

A _____

By: _____

Its: _____

Date: _____

ROSATI'S FRANCHISING, INC.
ADDENDUM TO FRANCHISE AGREEMENT
FOR USE IN STATE OF WISCONSIN

THIS ADDENDUM to the Franchise Agreement is agreed to between ROSATI'S FRANCHISING, INC. and _____ (Franchisee) to amend said Franchise Agreement to include the following language:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

By: _____

Title: _____

Date: _____

FRANCHISEE:

Franchisee

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Its: _____

Date: _____

EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT

RENEWAL ADDENDUM

**RENEWAL ADDENDUM
TO THE FRANCHISE AGREEMENT**

This Addendum is to a Franchise Agreement by and between Rosati's Franchising, Inc., an Illinois corporation (hereinafter Company), and _____ (hereafter Franchisee) to amend said Franchise Agreement as follows:

WHEREAS, Franchisee has owned and operated a Rosati's Pizza Restaurant located at _____ pursuant to a Franchise Agreement dated _____, _____ ("Initial Franchise Agreement");

WHEREAS, the Initial Franchise Agreement was for a term of ten (10) years from the date of the Franchise Agreement and expires on _____;

WHEREAS, the Initial Franchise Agreement provided for options to extend the term of the franchise for successive ten (10) year terms beyond the initial term provided that certain terms and conditions were met by Franchisee; and

WHEREAS, Franchisee desires to continue to own and operate a Rosati's Pizza Restaurant and to extend the franchise relationship;

WHEREAS, by the terms of the Initial Franchise Agreement, in order to extend the franchise term, Franchisee must execute the standard form of Franchise Agreement currently being offered by Company which agreement is being executed contemporaneously with this Renewal Addendum ("Franchise Agreement") and must meet certain conditions as set forth in the Initial Franchise Agreement.

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

1. The above recitals are incorporated herein and made a part of this Renewal Addendum to the Franchise Agreement.

2. Paragraph 1 on Franchise Fee is deleted in its entirety. No fee is required to be paid upon renewal of the franchise.

3. Paragraphs 5.A (Initial Training) and 5.B (On-Site Assistance) are hereby deleted as inapplicable.

4. Paragraphs 6.A., B., C., and E. of the Franchise Agreement on Development and Opening of the Business are inapplicable.

5. Paragraph 12.A (Term) is revised to read as follows:

A. Term. Commencing upon the date of this Agreement, the term of this Agreement is ten (10) years unless terminated prior thereto pursuant to the provisions hereof.

6. ***[Include this as applicable and if not completed before signing]*** On or before _____, 20____, Franchisee must complete the following regarding the premises of the Restaurant:

INSERT LIST

All of the above repairs, redecoration and remodeling shall be done following Company's standards and specifications and are subject to the inspection and approval of the Company. Failure to complete the foregoing repairs, redecoration and remodeling shall be a material default under the Franchise Agreement.

7. In all other respects, the Franchise Agreement shall be construed and enforced as it is written.

8. In consideration of the mutual and several agreements recited above and the renewal of Franchisee's Initial Franchise Agreement, Franchisee does forever release and discharge Company, its officers, directors, shareholders, agents and employees, in that capacity and individually, its guarantors, successors, and assigns on behalf of its successors and assigns from all manner of actions, cause, causes of action, suits, debts, sums of money, accounts, promises, variances, trespasses, damages, judgments, execution, claims and demands, whatsoever, in law or in equity, arising out of any relationship between Franchisee and Company whether contractual or otherwise which it now has, or has had, or which its successors and assigns hereafter can, shall or may have, for upon or by reason of any matter, cause or thing whatsoever at any time prior to the date of this Agreement.

In witness whereof, the parties hereto, intending to be legally bound, hereby have duly executed, sealed and delivered this Renewal Addendum on the date set below each signature.

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

FRANCHISEE:

By: _____
Darren Schmitt, Secretary

Franchisee

Date: _____

Date: _____

Franchisee

Date: _____

OR if Franchisee is an entity:

A _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

EXHIBIT J TO THE FRANCHISE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

ROSATI'S FRANCHISING, INC.

with

ROSATI'S FRANCHISING, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement ("this Agreement") is entered into by and between Rosati's Franchising, Inc. an Illinois limited liability company, having its principal place of business at 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173 ("Company", "we" or "us"), and _____, a _____ with a principal address of _____ ("Developer" or "you"). Certain provisions of this Agreement are applicable to the owners of Developer ("Owners") on whose business skill, financial capability and personal character we are relying in entering into this Agreement.

WITNESSETH:

WHEREAS, Company is in the business of offering and selling franchises for a restaurant featuring pizza and other food items under the name, service marks and trademarks "ROSATI'S PIZZA" and similar marks and logos (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of Rosati's Pizza restaurants (the "System").

WHEREAS, Company also grants development rights to persons or entities who meet our qualifications and who are willing to undertake the investment and effort necessary to establish, develop, own and operate multiple Rosati's Pizza Restaurants in accordance with the System.

WHEREAS, you have expressed a desire to and have applied for the right to develop, own and operate a total of three (3) or more Rosati's Pizza Restaurants and Company has approved your application in reliance upon all of the representations made therein and is willing to grant to Developer the right to develop multiple Rosati's Pizza restaurants within a certain agreed upon territory on the terms and conditions set forth herein.

WHEREAS, Developer is signing simultaneously with this Agreement a Franchise Agreement for the establishment of its first Rosati's Pizza franchised restaurant.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

1. GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, the right to obtain licenses, subject to the terms of this Agreement, to establish and operate ROSATI'S PIZZA franchised restaurants ("Rosati's Pizza Restaurant") within the geographic area described in Exhibit A attached hereto and incorporated herein by this reference ("Development Area").

1.2 You agree to be bound by the development schedule set forth in Exhibit B attached hereto ("Development Schedule"). Time is of the essence of this Agreement. Each Rosati's Pizza restaurant franchise must be established and operated pursuant to a separate Franchise Agreement ("Franchise Agreement") to be entered into by you (or an entity owned by your Owners) and us. Each Franchise Agreement shall be in the form of Franchise Agreement being offered by us at the time you execute the Franchise Agreement, which may differ from the form of Franchise Agreement being offered by us on the

date of execution of this Agreement, except that an addendum to the Franchise Agreement shall be entered into to incorporate terms of this Agreement relating to payments due under each Franchise Agreement. The terms and conditions of each such Franchise Agreement shall control the establishment and operation of such Rosati's Pizza Restaurant.

1.3 We have disclosed to you and you understand that individual shareholders of Rosati's Franchise Systems, Inc. ("RFSI"), the entity that owns the Marks granted by Company to franchisees under its Franchise Agreements, have the right under an agreement with RFSI to establish Rosati's Pizza restaurants and to grant Rosati's Pizza franchises, and we cannot prohibit shareholders of RFSI from opening themselves or granting to third parties a franchise to open a Rosati's Pizza Restaurant within the Development Area. Therefore, no exclusive rights to the Development Area are being granted under this Agreement. The only territorial protection that will be granted by Company is under each individual Franchise Agreement. Shareholders of RFSI also have obligations to not establish a Rosati's Pizza restaurant within a certain distance of any other Rosati's Pizza restaurant.

1.4 This Agreement is not a Franchise Agreement, and you shall have no right to use in any manner the System or the Marks by virtue of entering into this Agreement.

1.5 Developer shall have no right under this Agreement to license others to operate a business or use the System or the Marks.

2. FEES

2.1 Concurrent with the execution of this Agreement, you must execute a Franchise Agreement for the first Rosati's Pizza Restaurant to be developed and pay the initial franchise fees of Thirty Thousand Dollars (\$30,000.00) due under said Franchise Agreement. The initial franchise fee for the remaining Franchise Agreements shall be Fifteen Thousand Dollars (\$15,000.00).

2.2 Upon the execution of this Development Agreement, you shall pay a fee ("Development Fee") in the amount of Fifteen Thousand Dollars (\$15,000.00) times the number of additional Rosati's Pizza Restaurants to be developed after the one for which Developer is signing a Franchise Agreement contemporaneously with this Development Agreement. The Development Fee is consideration for this Development Agreement, is fully earned by Company upon execution of this Development Agreement and is non-refundable, notwithstanding any provision to the contrary contained in any Franchise Agreement. However, we will credit Fifteen Thousand Dollars (\$15,000.00) of the Development Fee against the Initial Franchise Fee for each additional Franchise Agreement for a Rosati's Pizza Restaurant executed pursuant to, and in accordance with, this Development Agreement.

Pursuant to the above paragraph and the Development Schedule, the Development Fee under this Agreement is _____ Dollars (\$_____).

2.3 A separate Franchise Agreement shall be executed for each additional Rosati's Pizza Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such Rosati's Pizza Restaurant.

2.4 The parties acknowledging that shareholders of RFSI have the right to establish Rosati's Pizza restaurants and to grant Rosati's Pizza franchises. In the event that any shareholders of RFSI ("Shareholders") open themselves or grant to third parties a franchise to open a Rosati's Pizza Restaurant within the Development Area, the royalties being paid by Developer under any existing Franchise Agreements

will be reduced by one percent (1%) of Gross Sales during the period during which any such Rosati's Pizza Restaurant is operating, and on the condition that Developer remains in compliance with or has completed the Development Schedule.

3. DEVELOPMENT OBLIGATIONS

3.1 The terms and conditions of this Agreement are contingent upon you being in full compliance with the Development Schedule. In addition, you must at all times after the opening of each Rosati's Pizza Restaurant continuously maintain in operation pursuant to each Franchise Agreement at least the number of Rosati's Pizza Restaurants set forth in the Development Schedule, and your Owners must at all times own a majority control over the entity that owns each Rosati's Pizza franchise developed hereunder. You may develop and open any Rosati's Pizza Restaurant earlier than the date set forth in the Development Schedule as long as you do so in compliance with this Agreement and the applicable Franchise Agreement.

3.2 You must develop each Rosati's Pizza Restaurant in the following manner:

(a) By giving us written notice of your intention to begin development of the next Rosati's Pizza Restaurant at least thirty (30) days before the execution of the Franchise Agreement for the applicable restaurant;

(b) By submitting to us a description of the proposed site, together with a letter of intent in a form approved by us or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site;

(c) By executing the then-current form of the Franchise Agreement for the applicable restaurant at the approved site and complying with its terms. We acknowledge that the franchisee for each Franchise Agreement may be a separate entity owned by your Owners.

(d) By executing a lease, in a form approved by us, or purchase agreement for the proposed site; and

(e) By meeting all of the requirements for developing and opening the Rosati's Pizza Restaurant under the terms of the applicable Franchise Agreement.

3.3 We will be obligated to execute the Franchise Agreement only if (i) you continue to maintain the requisite knowledge, experience, skills, and financial resources to perform as a franchisee, (ii) you are in compliance with this Agreement, including but not limited to compliance with the Development Schedule and in compliance with the in-term covenants set forth in Paragraph 6.4, (iii) you (and/or an affiliate) are in compliance any and all existing Franchise Agreements between us.

3.4 Subject to our prior written approval, you may develop and open more Rosati's Pizza Restaurants in the Development Area than you are required to develop under the Development Schedule.

3.5 At Company's request, Developer shall provide to Company a periodic report of Developer's activities and progress in developing and establishing Rosati's Pizza franchised restaurants under this Agreement. The reports shall be submitted in the form and in the manner specified by Company.

4. TERM

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement shall expire on the date you sign a Franchise Agreement for the last franchise to be developed under this Agreement. The term of this Agreement is not related or affected by the term of any franchise agreement, lease, or other agreement related to any Rosati's Pizza Restaurant. This Agreement does not contain or create any right to renewal.

5. **DUTIES OF THE DEVELOPER**

5.1 You shall perform the following obligations:

(a) You shall comply with all terms and conditions set forth in this Agreement.

(b) You shall comply with all of the terms and conditions of each Franchise Agreement including, without limitation, the operating requirements specified in each Franchise Agreement; however, we shall determine what, if any, initial training at our headquarters will be required of your Owners and managers in connection with the second or any subsequent Franchise Agreements.

(c) You shall comply with the non-disclosure and non-competition obligations under Section 6 of this Agreement.

6. **PROPRIETARY MARKS/CONFIDENTIAL INFORMATION**

6.1 Notwithstanding any provision to the contrary under this Agreement, it is understood and agreed that under this Agreement we do not grant you any right to use the Marks. Any right to use the Marks is granted under the individual franchise agreements executed by you in connection with this Agreement. You must not use the Marks, or any portion of any Mark or any name confusingly similar to any Mark as part of your business entity name.

6.2 **Confidential Information.** "Confidential Information" as used in this Agreement shall include information which we consider our trade secrets and confidential information, including our customer service standards and other standards and procedures, recipes and product mixes, promotional and marketing strategies, business methods, customer information and any other techniques and know-how concerning the operation of a Rosati's Pizza Restaurant business that make up part of our System, and any and all information, knowledge, know-how, techniques, and other data which we designate as confidential. We may disclose to you our Confidential Information under this Agreement.

6.3 **Non-disclosure Agreement.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development of Rosati's Pizza Restaurants under this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition, a breach of this Agreement and copyright infringement. You acknowledge and agree that the Confidential Information belongs to us and our affiliate, is proprietary information, and may contain trade secrets belonging to us and our affiliate and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree herein, that you: (1) will not use the Confidential Information during and after the term of this Agreement in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees and the use of non-

disclosure and/or non-competition agreements we may prescribe for your employees who have access to the Confidential Information. Upon our request, you must provide us with copies of signed non-disclosure and/or non-competition agreements signed by any Owners, managers or employees. The restrictions on your disclosure and use of the Confidential Information will not apply to the following: (a) information, processes, or techniques which are generally known and used in the food and restaurant industry (as long as the availability is not because of a disclosure by you) and (b) disclosure of the Confidential Information in legal proceedings when you are legally required to disclose it and you have first given us the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

6.4 In-Term Non-Competition Agreement. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information between you and us if you or your Owners were permitted to hold interests in any competitive businesses, as described below. You also acknowledge that we have entered into this Agreement with you in part in consideration of, and in reliance on, your agreement to deal exclusively with us. Therefore, during the term of this Agreement, neither you, nor any Owner, may, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with, any person or legal entity, own, maintain, operate, engage in, consult with or have any interest in (as disclosed or beneficial owner) any business which offers products or services which are the same as, or similar to, those offered by a Rosati's Pizza Restaurant (other than through a franchise agreement with Company), or any entity which is granting franchises or licenses for any business which offers products or services which are the same as, or similar to, those offered by a Rosati's Pizza Restaurant. (The ownership of five percent (5%) or less of a publicly traded company will not be deemed to be prohibited by this paragraph.) Further, during the term of this Agreement, you will not (1) divert customers or business from any Rosati's Pizza Restaurants to any other business or (2) hire any employees of ours, our affiliates, or our franchisees.

7. DEFAULT AND TERMINATION

7.1 The right to open Rosati's Pizza Restaurants has been granted in reliance on your representations and warranties, and strictly on the conditions set forth in this Development Agreement including, without limitation, the condition that you comply strictly with the Development Schedule.

7.2 You shall be in default under this Agreement, and all rights granted herein to you shall automatically terminate without notice or an opportunity to cure if:

(a) you are adjudicated bankrupt, become insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of your property or any part thereof is appointed by a court of competent authority, or if you make a general assignment for the benefit of its creditors;

(b) if a final judgment against your business assets remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed);

(c) if execution is levied against your business or property;

(d) if suit to foreclose any lien or mortgage against Developer's premises or business assets is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Company reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by you; or

(e) upon the dissolution of the entity that is Developer is dissolved, or upon the death of one or more of your Owners.

7.3 If you (i) fail to meet any of the deadlines set forth in the Development Schedule; (ii) fail to comply with any other term and condition of this Agreement; (iii) make or attempt to make a transfer, sale or assignment of this Agreement in violation of this Agreement; or (iv) you or other entity owned by the Owners are in default under any individual Franchise Agreement with us, or of any other agreement to which we are parties; any such event shall constitute a default under this Agreement. Upon any such default, we, in our sole discretion, may do any one or more of the following:

(a) Terminate this Agreement and all rights granted hereunder to you without affording you any opportunity to cure the default effective immediately upon delivery to you of a written notice from us;

(b) Reduce the number of Rosati's Pizza Restaurants which you have the right to establish and open pursuant to this Agreement; or

(c) Exercise any other rights and remedies which we may have under applicable law.

7.4 Upon termination or expiration of this Agreement, all remaining rights granted to you to establish and open Rosati's Pizza Restaurants under this Agreement for which a Franchise Agreement has not been executed shall automatically be null and void. You shall have no right to establish, open or operate any Rosati's Pizza Restaurants for which a Franchise Agreement has not been executed by us prior to the date of termination or expiration of this Agreement.

7.5 No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto. The terms and conditions of each Franchise Agreement must be complied with by you or your affiliate as franchisee thereunder and shall control in determining whether any default exists under such Franchise Agreement.

7.6 No right or remedy herein conferred upon or reserved to Company is exclusive of any other right or remedy provided or permitted by law or equity.

8. TRANSFERABILITY; ENTITY AS DEVELOPER

8.1 This Agreement is fully assignable by us and will inure to the benefit of any assignee or other legal successor to the interest of the Company herein.

8.2 You understand and acknowledge that the rights granted to you in this Agreement are personal to you and that we granted them in reliance upon the qualifications of you or your Owners. You and your Owners shall not, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Developer to any third party, and nothing in this Agreement shall be construed as granting you the right to do so without our prior written consent, which consent may be withheld in our sole discretion. Any purported assignment, sale or transfer by Developer or its Owners without our prior written consent shall be null and void and shall constitute a material default hereunder. Any such purported assignment or transfer occurring by operation of law or otherwise, including any assignment by or to any trustee in bankruptcy, without our prior written consent, shall be a material default of this Agreement. You have represented and hereby represent to us that you are entering into this Agreement

with the intention of complying with its terms and conditions through the term of this Agreement and not for the purpose of resale of the developmental rights hereunder.

9. POST-TERMINATION COVENANTS

9.1 Unless otherwise specified, the term "Developer" as used in this Section 9 shall include each and every Owner of Developer.

9.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will have access to the Confidential Information. Accordingly, Developer covenants that Developer and its Owners shall not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or entity:

(a) own, maintain, operate, engage in, consult with or have any interest in (as disclosed or beneficial owner) any business which offers products or services which are the same as, or similar to, those offered by a Rosati's Pizza Restaurant, or any entity which is granting franchises or licenses for any business which offers products or services which are the same as, or similar to, those offered by a Rosati's Pizza Restaurant within the Development Area, or within a twenty (20) mile radius of any existing Rosati's Pizza Restaurant, except under a validly existing Franchise Agreement with Company. You acknowledge and agree that, after the date of this Agreement, other Rosati's Pizza Restaurants may open, thereby expanding the geographical area in which you will not be able to compete with us.

(b) directly or indirectly divert or attempt to divert any former business or customer of a Rosati's Pizza Restaurant to any competitive business; and

(c) employ or seek to employ any person employed by us or our affiliate or by any other Rosati's Pizza Restaurant franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment;

The ownership of five percent (5%) or less of a publicly traded company will not be deemed to be prohibited by this paragraph.

9.3 Court Modification of Agreement. You agree that this form of Agreement is prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, you agree that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against you.

9.4 Enforcement of Covenants Not to Compete. You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you hereby acknowledge that we may seek to obtain the entry of an injunction prohibiting any conduct by you or your Owners in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through your unlawful use of the Confidential Information. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants not to compete set forth in this Agreement. You further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of those covenants not to compete set forth in this Agreement.

9.5 In addition to the foregoing covenants, you, your Owners, and/or affiliates shall be bound by and comply with the covenants contained in each Franchise Agreement entered into by them.

10. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed to be delivered at the time delivered by hand, one (1) business day after deposit within commercial overnight courier or three (3) business days after placement in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified or to any other place designated by either party, or on the date of receipt of transmission of an e-mail from us on the condition that we also send a hard copy of the notice by U.S. Mail on the same date the e-mail is sent to you.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

11.2 Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary or as directed by us to that end.

11.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall we be deemed liable by reason of, any act or omission by you in the conduct of your business, or any claim or judgment arising therefrom. You shall indemnify and hold us, our officers, directors, employees and agents harmless against any and all such claims directly or indirectly from, as a result of, or in connection with your business operations under this Agreement or under any Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

12. DISPUTE RESOLUTION

A. Mandatory Mediation. Prior to commencing any legal proceeding, Developer must give notice to Company setting forth in reasonable detail the nature and basis of the claim or dispute, and the parties shall then seek to negotiate and resolve the dispute by negotiation between the parties for no less than thirty (30) days. Thereafter, if a resolution is not reached, the parties agree to seek to resolve the dispute through an independent mediator. The parties will work diligently to agree upon a qualified, independent mediator. Unless otherwise mutually agreed, mediation shall commence at a location within the Chicago, Illinois metropolitan area within two (2) weeks after the selection of the mediator. Mediation shall continue until the parties agree to terminate the process, the mediator determines that the process is not working (i.e., has reached an impasse), or thirty (30) days have elapsed since the commencement of mediation and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding and confidential. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs otherwise. In the event the dispute is not resolved through mediation as provided herein, either party may proceed immediately to initiate arbitration proceedings concerning the

dispute. Each party hereby agrees that all statements regarding settlement made in the course of mediation shall be strictly confidential, and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith settlement negotiations and/or mediation shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such settlement documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings. Notwithstanding the foregoing, Company shall have no obligation to mediate claims that are the subject of Paragraph 12.2 herein.

12.2 Specific Performance; Injunctive Relief. Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to seek the entry of temporary and permanent injunctions and orders of specific performance to: (i) enforce the provisions of this Agreement relating to your use of the Marks and the non-disclosure and non-competition obligations under this Agreement; (ii) prohibit any act or omission by Developer or its Owners that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or the ROSATI'S PIZZA franchises; (iii) prevent any other irreparable harm to our interests; (iv) enforce your obligations upon termination or expiration of this Agreement; and (v) prohibit an assignment or attempted assignment of any interest in this Agreement or Developer in violation of the applicable provisions of this Agreement. If we obtain an injunction or order of specific performance, you agree to pay us an amount equal to the total of our costs of obtaining it, including, without limitation, reasonable attorneys' fees, expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly.

12.3 Arbitration. Except for actions brought by us as described in Section 12.2. above, or at our option, all controversies, disputes or claims arising between the Company and Developer (including any claim against the our officers, directors, shareholders, agents and employees, in their capacity as such, or against Developer's Owners and guarantors, if applicable) in connection with, arising from, or with respect to: (1) any provision of this Agreement or any other agreement related to this Agreement between the parties; (2) the relationship of the parties hereto; or (3) the validity of this Agreement or any other agreement between the parties related to this Agreement, or any provision thereof, which shall not be resolved in mediation (if required), shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted before a single arbitrator at a location within the Chicago, Illinois metropolitan area, and, except as otherwise provided in this Agreement, shall be administered by the American Arbitration Association and conducted in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or any successor. The arbitrator shall be selected according to the Commercial Arbitration Rules of the American Arbitration Association with preference to be given to arbitrators experienced in franchise disputes. The parties agree that each shall file any compulsory counterclaims (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates within twenty (20) days of the date of filing of the claim or within the time to file an Answer to the claim to which it relates. Any such claim which is not submitted or filed as described herein will be forever barred. The arbitrator shall have the right to award or include in the award any relief which is deemed proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the due date), specific performance and injunctive relief, and attorneys' fees and costs in accordance with the terms of this Agreement. The arbitrator must issue a reasoned award explaining the bases for the decision. The parties agree that there shall be a record of the arbitration proceeding. Court reporter fees shall be paid in advance and split evenly

between the parties. Except as set forth in Section 12.3, the award and decision of the arbitrator shall be conclusive, binding and non-appealable upon all parties hereto and judgement upon the award may be entered in any court of competent jurisdiction, subject to the terms of this Agreement as to jurisdiction. The provisions of this Article shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. You and we agree that arbitration shall be conducted only on an individual, and not a class-wide, basis.

12.4 Appeals. Notwithstanding any language to the contrary in this Agreement, the parties hereby agree that any award issued by the Arbitrator as specified in Section 12.2 may be appealed pursuant to the American Arbitration Association's Optional Appellate Arbitration Rules ("Appellate Rules"); that the award rendered by the arbitrator shall, at a minimum, be a reasoned award; and that the award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of the arbitrator's award pursuant to Section 12.2 by filing a Notice of Appeal with any American Arbitration Association office. The appeal shall be heard by a single arbitrator. Following the appeal process, the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

12.5 Governing Law/Consent to Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act 15 U.S.C. Section 1051 et. seq.), and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in this Section shall be governed by the United States Arbitration Act (9 U.S.C. Section 1 et seq) and the federal common law relating to arbitration, this Agreement shall be governed by the internal laws of the State of Illinois (without reference to its choice of law and conflict of law rules), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision. You agree that we may institute any action against you arising out of or relating to this Agreement, which is not required to be arbitrated under this Agreement or as to which arbitration has been waived by the parties, in any state or federal court of jurisdiction located in the State of Illinois and Developer irrevocably submits to the exclusive jurisdiction or venue of such courts.

12.6 Costs and Attorneys' Fees. If a claim asserted in any legal proceeding before a court of competent jurisdiction or an arbitration forum arising out of this Agreement, the party prevailing in such proceeding shall be entitled to recover from the other its costs and expenses, including without limitation, court costs, fees for in-house or outside attorneys and paralegals, management preparation time, expert witness fees, collection agency fees, accounting fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

12.7 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. COMPANY AND DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY (I) ACTUAL DAMAGES SUSTAINED BY IT AND (II) TRADEMARK LAW TREBLE DAMAGES. COMPANY AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

12.8 Limitation of Claims. Any and all claims arising out of or relating to this Agreement or the relationship of the Company and Developer shall be barred unless an action or proceeding is commenced within one (1) year from the date of the occurrence of the facts giving rise to such claims.

12.9 Cumulative Remedies. The rights and remedies specifically granted to either Company or Developer by this Agreement will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

13. MISCELLANEOUS.

13.1 Invalid Provisions; Substitution of Valid Provisions. To the extent that any provision of this Agreement is deemed unenforceable, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

13.2 Severability; Construction. The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement. All headings of the various Sections and Paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable.

13.3 Waiver of Obligations. Either you or the Company may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

Neither you nor the Company will 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 thereof to be a default and to terminate the Franchise prior to the expiration of its terms), by virtue of any failure, refusal or neglect of either of us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder.

13.4 Entire Agreement; Modification. This Agreement and all exhibits to this Agreement constitute the entire understanding and agreement between the parties and there are no other oral or written understandings or agreements between the parties, and no oral or written representations by the Company relating to the subject matter of this Agreement, except for those contained in the Franchise Disclosure Document provided to Developer (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this Section is intended as, nor shall it be interpreted to be, a disclaimer by the Company of any representation made in its Franchise Disclosure Documents, including the exhibits and any amendments thereto. Except for modifications permitted to be made unilaterally by us, this Agreement may be modified only by written agreement signed by both you and us.

13.5 Force Majeure. Neither you nor the Company will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform our respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal

government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

13.6 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party will have, or is intended to have, any rights because of this Agreement. We do not warrant that the obligations of this Agreement have been agreed to by or will be enforced against any of our other developers.

14. SUPERIORITY OF FRANCHISE AGREEMENT

For each Rosati's Pizza Restaurant developed in the Development Area, a separate Franchise Agreement shall be executed and the individual franchise fee as prescribed hereunder shall be paid to us. It is understood and agreed by you that any and all Franchise Agreements executed in connection with Rosati's Pizza Restaurants developed by you within the Development Area under this Agreement are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection with this Agreement and any Franchise Agreement executed within the Development Area, the Franchise Agreement shall have precedence and superiority over this Agreement.

15. OWNER GUARANTY.

This Agreement must be personally guaranteed and the obligations hereunder assumed by the all of the Owners of the Developer, and all such Owners must execute the Guaranty and Assumption of Obligations which is attached hereto as Exhibit C concurrently with the execution of this Agreement by Developer.

16. ACKNOWLEDGEMENTS

16.1 You and your Owners affirm that all information you have given to us in any and all applications, financial statements and other submissions is true, complete and accurate in all respects, with you expressly acknowledging that we are relying upon the truthfulness, completeness and accuracy of such information.

16.2. You have conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in Rosati's Pizza Restaurant franchises involves business risks and that the success of the venture is primarily dependent upon your business abilities and efforts, your active participation in the operation of the business, and other factors beyond our control.

17. EXECUTION OF AGREEMENT.

This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the dates set forth below each signature.

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

DEVELOPER:
[ENTITY NAME]
A _____

By: _____
Darren Schmitt, Secretary

By: _____
Name: _____
Title: _____

Dated: _____

Dated: _____

EXHIBIT A TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

DESCRIPTION OF DEVELOPMENT AREA

[Insert description]

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

DEVELOPER:
[ENTITY NAME]
A _____

By: _____
Darren Schmitt, Secretary_

By: _____
Name: _____
Title: _____

Dated: _____

Dated: _____

EXHIBIT B TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

Developer is obligated under this Agreement to develop, open and operate a minimum of three (3) Rosati's Pizza restaurants. On or before the date set forth below, Developer is obligated by this Agreement to have signed Franchise Agreements, signed leases or purchase agreements, and commenced operating Rosati's Pizza restaurants:

<u>Last date for Execution of Franchise Agreement</u>	<u>Last date for Execution of Lease or Purchase Agreement for Company Approved Site</u>	<u>Date for Commencement of Operations</u>
<u>Upon the execution of this Agreement</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

COMPANY:
ROSATI'S FRANCHISING, INC.
An Illinois corporation

DEVELOPER:
[ENTITY NAME]
A _____

By: _____
Darren Schmitt, Secretary

By: _____
Name: _____
Title: _____

Dated: _____

Dated: _____

EXHIBIT C TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by

_____.

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement of even date herewith (the "Agreement") by Rosati's Franchising, Inc. (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Developer") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Developer 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: (1) his direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Developer's obligations; (2) he will render any performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Developer or any Other person; and (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, or other indulgence which the Company may from time to time grant to Developer or to any Other person, including without limitation, the acceptance of any partial performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the date set below the signature.

GUARANTOR(S)

% OF INTEREST IN DEVELOPER

_____%

Print Name: _____

Address: _____

Date: _____

_____%

Print Name: _____

Address: _____

Date: _____

_____%

Print Name: _____

Address: _____

Date: _____

(Percentage must equal 100)

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(THIS COPY IS FOR YOUR RECORDS)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Rosati's Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Rosati's Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: (each can be reached at the following address and telephone number if not included below) 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173, (847) 426-8899; and

[Check and/or fill in as applicable]

- | | | |
|--|---|---|
| ☐ Anthony Rosati | ☐ David Rosati | ☐ Mark Suma |
| ☐ Stephen Rosati | ☐ Geary Rosati | ☐ Michael Rosati |
| ☐ Ray Czernek | ☐ Lisa Rosati Suma | ☐ Brent Rosati |
| ☐ Darren Schmitt | ☐ Andrew Rosati | ☐ Donald Fortin |
| ☐ Jazmin Barrera | | |
| ☐ Timothy McCarthy, 425 N. Martingale Road, Suite 1150, Schaumburg, Illinois 60173, (847)915-9174 | | |
| ☐ Matthew Smith, 1215 Crestbrook Drive, Cumming, GA 30040, (404)271-3178 | | |
| ☐ James Pirro, 10822 Timer Dr. W, Huntley, IL 60142, (815)529-4412 | | |
| ☐ Matt Surma, 75040 E. Lobo Ave., Mesa, AZ 85209, (847)863-0108 | | |
| ☐ Steven Adams, 337 W. Constitution Dr., Gilbert, AZ 85233 (480)236-2022 | | |
| ☐ _____ | | |

Issuance Date: March 29, 2021

Rosati's Franchising, Inc. authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated March 29, 2021 that included the following Exhibits:

- | | |
|---|--|
| Exhibit A State Administrators | Exhibit E Franchise Agreement with Exhibits |
| Exhibit B Agents for Service of Process | Exhibit F Operations Manual Table of Contents |
| Exhibit C List of Franchised and
Affiliate-Owned Units | Exhibit G Franchisee Acknowledgement Questionnaire |
| Exhibit D Audited Financial Statements | Exhibit H State Addendum |
| | Exhibit I Renewal Addendum |
| | Exhibit J Multi-Unit Development Agreement |

Receipt continued

Date FDD Received

Signature

Printed Name

Date FDD Received

Signature

Printed Name

On behalf of _____

RECEIPT
(RETURN THIS COPY TO US)

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Receipt continued

Date FDD Received

Signature

Printed Name

Date FDD Received

Signature

Printed Name

On behalf of _____