

## FRANCHISE DISCLOSURE DOCUMENT

ROSATI'S FRANCHISING, INC.  
An Illinois Corporation  
2250 Point Boulevard, Suite 335  
Elgin, Illinois 60123  
(847) 426-8685  
dschmitt@therosatigroup.com  
www.MyRosatis.com

# ROSATI'S PIZZA®

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 \$117,200 to \$443,500 for a carryout/delivery location and from \$130,000 to \$979,500 for a sit-down restaurant. This includes \$25,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Darren Schmitt at Rosati's Franchising, Inc., 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123, (847) 426-8685.

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](http://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 27, 2014 as amended April 14, 2014  
(See the following state effective date summary page for state effective dates.)

## STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION ONLY IN ILLINOIS. OUT-OF-STATE ARBITRATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. 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.
4. WE HAVE LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND OUR PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND TO PAY OPERATING EXPENSES.
5. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$117,200 TO \$979,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2013, WHICH IS \$253,110.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Except in Washington, we use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates in registration states:

California: \_\_\_\_\_  
Hawaii: March 28, 2014  
Illinois: March 28, 2014  
Indiana: March 28, 2014  
Maryland: \_\_\_\_\_  
Michigan: March 28, 2014  
Minnesota: April 8, 2014  
New York: \_\_\_\_\_  
North Dakota: \_\_\_\_\_  
Rhode Island: March 31, 2014  
South Dakota: April 4, 2014  
Virginia: April 8, 2014  
Washington: \_\_\_\_\_  
Wisconsin: March 28, 2014

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in 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, 1<sup>st</sup> Floor  
Lansing, Michigan 48933  
(517) 373-7117

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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 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123. 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 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123.

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 ten Rosati family members to use the ROSATI'S PIZZA trademark with the requirement that the restaurants must be at least five miles apart. Six 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 location or a sit-down location which may include a bar area with televisions. The sit-down location may either be what we refer to as a full-service ROSATI'S PIZZA restaurant or a fast-casual ROSATI'S PIZZA restaurant. A full-service ROSATI'S PIZZA restaurant has full table service and dine-in seating for 40 or more customers, a menu that includes food, non-alcoholic beverages, beer, wine and in some cases, hard liquor, and offers carryout and delivery services. A fast-casual ROSATI'S PIZZA restaurant has seating for more than 15 customers without full table service, a menu that includes food, non-alcoholic beverages and in some cases, beer, wine and/or hard liquor, and offers carryout and delivery services. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

**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.

**Prior Business Experience of Us and Our Affiliate.** We began offering franchises for sale in February 2006. 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, 2013, companies with common ownership owned and were operating 15 ROSATI'S PIZZA restaurants.

We currently offer a referral fee to existing franchisees 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, 2013, it had 19 franchises. 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.

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**

**President and Secretary: Marla Topliff**

Ms. Topliff has been President and Secretary of Rosati's Franchising, Inc. since December 2006. She has been Secretary of Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants since January 2010. Ms. Topliff has been Marketing Director of the ROSATI'S PIZZA Advertising Fund since August 1999.



Treasurer and Chief Financial Officer: Darren Schmitt

Mr. Schmitt has been Treasurer and Chief Financial Officer of Rosati's Franchising, Inc. since March 2013. From May 2007 to March 2013, he was Payables/Receivables Manager and Office Manager for Rosati's Franchising, 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. Mr. Rosati has been Secretary since December 1988 and Vice President since December 2008 of Rosati's Development, Inc., a Rosati's Pizza restaurants business in Elgin, Illinois. 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. Mr. Rosati has been Director since April 2002, Secretary from April 2002 until January 2010, Treasurer since January 2008, and Vice President since January 2010 of Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants. From October 2013 to the present, he has owned a Papa Saverio's restaurant in Aurora, IL.

Director and Vice President: Anthony M. Rosati

Mr. Rosati has been Director since October 2005 and Vice President since December 2006 of Rosati's Franchising, Inc. From February 1992 to the present, he has also been 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. From January 2007 to October 2012, Mr. Rosati was the Director and President of Rosati Group, Inc., a real estate development company in Elgin, Illinois. 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 Elgin, 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 2004 to January 2008, she was the Secretary of Tri R Development 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. From 1999 to January 2010, she owned multiple Alfredo'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, 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. From 1999 to January 2010, Mr. Rosati owned multiple Alfredo'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. From 1999 to January 2010, Mr. Rosati owned multiple Alfredo's Pizza restaurants.

Director and Vice President: Joanne Rosati Czernek

Ms. Czernek has been Director and Vice President of Rosati's Franchising, Inc. since December 2006. From February 2008 to the present, she has been the Secretary of Rosati's Franchise Systems, Inc. which owns the Rosati's Pizza federally registered trademarks. From June 2006 to the present, she has been President and Secretary of Czernek Corporation of Illinois, a Rosati's Pizza restaurants business in Hoffman Estates, Illinois. From 1998 to the present, she has been President and Secretary of R & J Rosati, Inc., a Rosati's Pizza restaurants business in Hoffman Estates, Illinois.

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 Streamwood, Illinois. From November 1983 to the present, he has been President and Secretary of Czernek, Inc., owner of a Rosati's Pizza restaurant business in Schaumburg, Illinois. From October 2009 to the present, he has been Vice President of LHRC, Inc., owner of a Rosati's Pizza restaurant in Lake Havasu City, Arizona.

Vice President of West Coast Operations and Operations Manager: Ron Perry

Mr. Perry has been our Vice President of West Coast Operations and our Operations Manager since September 2013. Since September 2013, he has been Operations Manager for Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants. From September 2012 to June 2013, he was Regional Operations Manager for Complete Nutrition in Omaha, Nebraska. From March 2007 to September 2012, he was Area Leader for Domino's Pizza in Phoenix, Arizona.

Director of Franchise Sales: Timothy McCarthy

Since January 2012, Mr. McCarthy has been our Director of Franchise Sales and Director of Franchise Sales of Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants. From December 2010 to December 2011, he was a Franchise Sales Consultant for Re-Bath, LLC in Tempe, Arizona. From January 2009 to February 2010, he was Vice President Sales for Innovation Round-Up in Phoenix, Arizona. From April 2008 to December 2008, he was a Franchise Sales Manager for NexCen Brands in Norcross, Georgia.

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 November 2008 to 2009, Mr. Rosati was a Manager of Alfredo's Pizza & Pasta, Inc., a pizza restaurant business in Lake in the Hills, Illinois. From October 2007 to the present, Mr. Rosati has been a General Manager for LGS Pizza Enterprises, Inc., a Rosati's Pizza restaurants business in Woodstock, Illinois. From April 2007 to the present, Mr. Rosati has been the Manager of the Rosati's Pizza restaurant in Woodstock, Illinois. From December 2013 to the present, he has been the owner of the Rosati's Pizza restaurant in Harvard, Illinois.

Corporate Advisor: David Naskrent

Since 2008, Mr. Naskrent has been a Corporate Advisor for Rosati's Franchising, Inc. and a Corporate Advisor of Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants. From 2000 to the present, Mr. Naskrent has been the President, CEO and owner of DGN Enterprise, Inc. which operates a Rosati's Pizza restaurant in Madison, Wisconsin. From 2007 to present, Mr. Naskrent has been the President, CEO and owner of DHSC Enterprise, Inc. which operated a Rosati's Pizza restaurant in Peoria, Arizona from 2007 to 2010 and which has operated a Rosati's Pizza restaurant in Phoenix, Arizona from 2007 to the present. Since 2004, Mr. Naskrent has owned multiple Rosati's Pizza restaurants in Arizona, Illinois and Wisconsin. From June 2009 to March 2011, Mr. Naskrent was the President, CEO and owner of Arizona Valley Enterprise, Inc. which operated a Rosati's Pizza restaurant in Cave Creek, Arizona.

Corporate Advisor: Brent Rosati

Mr. Rosati has been a Corporate Advisor for Rosati's Franchising, Inc. since 2006.

Corporate Advisor: Andrew Rosati

Mr. Rosati has been a Corporate Advisor for Rosati's Franchising, Inc. since May, 2012. He was a student from August 2008 to May 2012. From June 2008 to August 2010, he was an Event Manager for White Tail Golf Course in Yorkville, Illinois. He volunteered his time in family-owned Rosati's Pizza and Papa Saverio's Pizzeria restaurants beginning in childhood through December 2011.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

For a first ROSATI'S PIZZA franchise, the initial franchise fee is \$25,000. 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 \$18,750 to qualifying U.S. veterans. You must have been honorably discharged and provide us with copies of your DD214.

If you are an existing franchisee buying an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$12,500. 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).

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	5% of Gross Sales.	Payable weekly	See Notes 1 and 2.
Advertising Fund	0% to 5% of Gross Sales. Currently Fund is not in effect.	Payable weekly	See Note 1.
Local Advertising and Promotion	4% to 7% of Gross Sales to be spent by you on local advertising.	Must be spent monthly and accounted for by you and verified by the corporate office	See Note 1. These expenditures are not paid to us but to local vendors.
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 in 2013; 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	At time of transfer	If you transfer your

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
	current initial franchise fee for a first franchise (and non-refundable); currently \$12,500.		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	Up to \$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 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

Type of Fee	Amount	Due Date	Remarks
			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 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 \$10,000 for a carryout store and up to \$50,000 for a sit-down location, 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 waive fees due to a franchisee's particular circumstance. Otherwise all fees are imposed uniformly.

**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:

<b>Name of Expenditure</b>	<b>Actual or Estimated Amounts</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (1)	\$25,000	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 \$2,000	As incurred	Prior to Opening	Other suppliers

<b>Name of Expenditure</b>	<b>Actual or Estimated Amounts</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
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	\$0 to \$6,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (6)	\$3,000 to \$18,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (7)	\$20,000 to \$140,000	As incurred	Prior to Opening	Other suppliers
Furniture, Fixtures and Equipment (8)	\$50,000 to \$140,000	As incurred	Prior to Opening	Other suppliers
Signage (9)	\$3,000 to \$15,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits (10)	\$500 to \$25,000	As incurred	Prior to Opening	Other suppliers
Grand Opening Advertising (11)	\$0 to \$5,000	As incurred	During the 4 months after the opening of your Franchised Business.	Other suppliers
Additional Funds for First 3 Months (12)	\$5,000 to \$30,000	As incurred	As incurred	Third Parties
<b>TOTAL</b>	<b>\$117,200 to \$443,500</b>	<b>---</b>	<b>---</b>	<b>---</b>

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 \$25,000. The discounted initial franchise fee for veterans is \$18,750. For an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$12,500.

(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 1,000 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 1,000 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 and Equipment. 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. 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 and permit fees can vary significantly based on the state’s and/or local municipality’s requirements, restrictions and approval processes.

(11) Grand Opening Advertising. We recommend that you spend up to \$5,000 on grand opening advertising during the first 4 months after opening the ROSATI’S PIZZA restaurant.

(12) 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 sit-down location (including a full-service or fast-casual restaurant), your estimated initial investment to open your ROSATI’S PIZZA Franchised Business is as follows:

<b>Name of Expenditure</b>	<b>Actual or Estimated Amounts</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (1)	\$25,000	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

<b>Name of Expenditure</b>	<b>Actual or Estimated Amounts</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Office Equipment and Supplies	\$500 to \$2,000	As incurred	Prior to Opening	Other suppliers
Insurance Premiums (3)	\$2,500 to \$10,000	As incurred	As incurred	Approved supplier
Professional Fees (4)	\$4,000 to \$25,000	As incurred	Prior to Opening	Other suppliers
Initial Inventory (5)	\$10,000 to \$35,000	As incurred	Prior to Opening	Approved and Designated suppliers
Lease, Utility and Security Deposits	\$0 to \$20,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (6)	\$6,000 to \$45,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (7)	\$20,000 to \$315,000	As incurred	Prior to Opening	Other suppliers
Furniture, Fixtures and Equipment (8)	\$50,000 to \$390,000	As incurred	Prior to Opening	Other suppliers
Signage (9)	\$5,000 to \$25,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits (10)	\$500 to \$25,000	As incurred	Prior to Opening	Other suppliers
Grand Opening Advertising (11)	\$0 to \$5,000	Lump sum	During the 4 months after the opening of your Franchised Business.	Other suppliers
Additional Funds for First 3 Months (12)	\$5,000 to \$50,000	As incurred	As incurred	Third Parties
<b>TOTAL</b>	<b>\$130,000 to \$979,500</b>	<b>---</b>	<b>---</b>	<b>---</b>

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 \$25,000. The discounted initial franchise fee for veterans is \$18,750. For an additional ROSATI'S PIZZA franchise, the initial franchise fee is \$12,500.
- (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 lower figure represents the estimated initial investment if you have seating for 16 customers, no wait service staff and do not serve alcoholic beverages. The higher figure represents the estimated initial investment if you have seating and tables for 40 or more customers, a full wait staff and serve a full array of alcoholic beverages, including beer, wine and hard liquor.
- (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 3,000 to 6,000 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 3,000 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 6,000 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 and fans.
- (8) Furniture, Fixtures and Equipment. 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 sit-down 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, audio and video equipment and bar equipment. 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 and permit fees can vary significantly based on the state's and/or local municipality's requirements, restrictions and approval processes.

(11) Grand Opening Advertising. We recommend that you spend up to \$5,000 on grand opening advertising during the first 4 months after opening the ROSATI'S PIZZA restaurant.

(12) 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.

## **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 2013, neither we nor any affiliate derived revenue from purchases or leases by our franchisees. Our officers do not own an interest in any supplier.

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 or other materials that meet our standards and specifications for the same. 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% of your overall purchases and leases in establishing the Franchised Business and approximately 50% to 70% 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 1% to 5% 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, including workmen’s 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 other insurance required by your lease. You must have dram shop insurance if you are serving alcohol. 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.

**Lease.** You must submit the proposed lease for your site to us for approval before you sign it. We may require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance acceptable to us in order to secure performance of your liabilities and obligations to us and (ii) 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.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
b. Site selection and acquisition/lease	Sections 6.A, B. and D. of Franchise Agreement	Item 11
c. Pre-opening purchases/leases	Sections 6.B, and D. Sections 7.A. and B. of Franchise Agreement	Items 5, 6, 7, 8 and 11

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
d. Site development and other pre-opening requirements	Sections 6.B. and D., Sections 7.A. and B. of Franchise Agreement	Items 5, 6, 7, 8 and 11
e. Initial and ongoing training	Sections 5.A., B., C. and D. of Franchise Agreement	Items 6 and 11
f. Opening	Section 6.A. of Franchise Agreement	Item 11
g. 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	Items 5, 6, 7, 8 and 11
h. Compliance with standards and policies/operations manual	Sections 7 and 11.B. of Franchise Agreement	Items 8 and 11
i. Trademarks and proprietary information	Sections 9.E. and 10 of Franchise Agreement	Items 13 and 14
j. Restrictions on products/services offered	Sections 7.A. of Franchise Agreement	Items 8, 11 and 16
k. Warranty and customer service requirements	Sections 7.A., B., C. and D. of Franchise Agreement	Item 8
l. Territorial development and sales quotas	Section 3.B. and 4.C. of Franchise Agreement	Item 11
m. On-going product/service purchases	Sections 7.L. and 7.O. of Franchise Agreement	Item 8
n. Maintenance, appearance and remodeling requirements	Sections 6.C. and F and 7.B. of Franchise Agreement	Item 8
o. Insurance	Section 7.G. of Franchise Agreement	Items 7 and 8
p. Advertising	Section 9 of Franchise Agreement	Item 6, 7 and 11
q. Indemnification	Sections 7.G., 13.E., 15.F., 17.B. of Franchise Agreement	Items 6, 8 and 13
r. Owner's participation/management/staffing	Sections 7.E. and F. of Franchise Agreement	Item 15
s. Records and reports	Sections 8.A. and B. of Franchise Agreement	Items 6 and 8
t. Inspections and audits	Sections 8.C. and D. of Franchise Agreement	Item 6
u. Transfer	Section 15 of Franchise Agreement	Items 6 and 17
v. Renewal	Section 12.B. of Franchise Agreement	Items 6 and 17
w. Post-termination obligations	Section 14 of Franchise Agreement	Item 17
x. Non-competition covenants	Sections 7.H. and 14.C. of Franchise Agreement	Item 17
y. Dispute resolution	Section 16 of Franchise Agreement	Item 17
z. Security Interest	Section 7.N. of Franchise Agreement	Not applicable
aa. Guaranty of franchisee obligations	Section 20 of Franchise Agreement	Item 15



**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing. 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.

We are currently listed on the SBA Franchise Registry, which expedites the SBA loan process.

**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 within 90 days after the date of the Franchise Agreement. We will review the 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 90 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.). 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 1,000 to 1,600 square feet for a carryout/delivery restaurant and 3,000 to 6,000 square feet for a sit-down restaurant. 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.

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.B. and C.)

(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 location. (Franchise Agreement - 5.B.)

**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 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 473 pages with Appendices; however, we are in the process of preparing revisions and updates to the manuals. 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). As of the date of this disclosure document, this fund is not in effect.

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. 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, intranet development and ongoing operation, toll-free restaurant locator 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.

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.

We expect that ROSATI'S PIZZA restaurants owned by us or the companies related to us by common ownership will 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 spend between 4% and 7% of Gross Sales each month for ongoing local advertising and promotion of the Franchised Business and the Marks.

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, as are specified by us utilizing our standard forms of listing and advertisements. We may, at our option, maintain one or more telephone numbers, including the applicable area code, for the Franchised Business and, if we do maintain this number(s), you will be authorized and required to use this number(s) during the term of the Franchise Agreement. You must acknowledge that we have the sole rights to and interest in all these telephone number(s). We will notify you monthly of the cost of the telephone service and you must, within 5 days of your receipt of this bill, reimburse us for our costs in maintaining telephone numbers for the Franchised Business. In the event that you do not reimburse us, we may, at our option, instruct the telephone service provider to terminate or transfer this

telephone number(s) to us or our designee.

Before your use of them, samples of all local advertising, promotion and public relations materials, including all advertising and promotion conducted by you on behalf of your Franchised Business on the internet, not prepared or previously approved by us must follow our guidelines and be submitted to us for approval, which will not be unreasonably withheld. If you do not receive written disapproval within fourteen days after the date of receipt by us of the materials, we will be deemed to have given approval. You may not use any advertising, promotion or public relations materials that we have disapproved. (Franchise Agreement – Section 9.D.) (See Item 6).

During the 4 months after the opening of your restaurant, we recommend you spend up to \$5,000 on local advertising, marketing and promotion of the opening of the Franchised Business in accordance with an opening marketing plan approved by us. These grand opening expenditures are in addition to the Advertising Fund contributions specified above.

In connection with any website relating to the Franchised Business that you wish to establish: (1) you cannot establish or use the website without our prior written approval, which approval may be conditioned on using a standard template provided by us and which approval may be withheld by us in our discretion; (2) before establishing the Website, you must submit to us a sample of the website format, content and other information in the form and manner we require; (3) you must comply with our standards and specifications for websites as prescribed in the Franchise Operations Manual or otherwise in writing; (4) if we require, you must establish your website as part of our website and/or establish electronic links to our website; and (5) if you propose any material revision to the website or any of the information contained in the website, you must submit each revision to us for our prior written approval.

There are currently no advertising councils or 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 one of 2 complete hardware and software point of sale (POS) restaurant systems: (1) the PDQ system which we have used since 1990 and which costs approximately \$23,000 to \$27,000 for a carryout/delivery restaurant and \$30,000 to \$40,000 for a sit-down restaurant; or (2) the Arrow system which we have used since March 2009 and which costs approximately \$16,000 to \$19,000 for a carryout/delivery restaurant and \$23,500 to \$30,000 for a sit-down restaurant. These prices can be substantially reduced based on the number of stations, providing trade-ins, or purchasing used hardware. Although we have used these POS systems in the past, we do not guarantee their future performance and are not responsible for their service issues.

The approximate annual cost for maintenance for the PDQ system is \$1,308. The annual cost for the PDQ Rewards program is \$2,388 and the annual cost of online ordering with the PDQ system is \$948. The approximate annual cost for maintenance for the Arrow system is \$1,188. The annual cost for the Arrow Rewards program is \$2,748 and the annual cost of online ordering with the Arrow system is \$1,188. If you want to use our recommended Monkey Media software for our catering program, the annual software licensing cost is \$2,400.

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 hardware or software program during the term of the Franchise Agreement. 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 6 to 9 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.A. and D.) 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 and inventory. You must provide to us a copy of the fully signed Lease for your restaurant within 90 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.A.) 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 up to 2 weeks near 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. 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 or Phoenix, Arizona area or Temecula, California
Pizza Prep	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Pizza Prep Pizza Making	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Pizza Prep Pizza Making Pizza Oven	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
POS Training	0	15	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Kitchen Prep	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Kitchen Prep Kitchen Operations	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Kitchen Prep Kitchen Operations	0	15	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Kitchen Prep Kitchen Operations	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Administrative Training Driver Schedule/Routing	0	14	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
FOH POS Training Server/Bar Training	0	13	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
FOH Shift Administrative Work	0	11	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Kitchen Operations	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Pizza Operations	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
FOH Operations Closing Procedures	0	12	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
BOH Operations Closing Procedures	0	12	Chicago, Illinois or Phoenix, Arizona area or Temecula, California
Operate as Manager Expedite Orders	0	10	Chicago, Illinois or Phoenix, Arizona area or Temecula, California

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

Notes:

1. Hours of Classroom Training may occur On-the-Job.
2. We reserve the right to conduct training at other locations

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.

David Naskrent – Mr. Naskrent has been a Corporate Advisor for us since 2008. Since 2000, he has been an owner of multiple Rosati's Pizza restaurants.

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

Robert Werges – Mr. Werges has been one of our field operations manager since January 2013. He has 3 years of experience in managing a pizza restaurant business.

James Pirro – Mr. Pirro has been an Operations & Construction Advisor for us since November 2012. Mr. Pirro has 8 years of prior experience in owning and operating restaurant businesses, including a Rosati's Pizza restaurant, and 10 years of construction project management experience with Rosati's pizza restaurants.

Ron Perry – Mr. Perry has been our Vice President of West Coast Operations and Operations Manager since September 2013. Since 1991, he has held positions with franchise companies in franchise sales and operations.

Van Kidwell – Mr. Kidwell has been one of our field and operations managers since September 2013. He has 24 years of experience in managing and/or owning multiple Rosati's Pizza restaurants.

Brissa Urbina – Ms. Urbina has been one of our field and operations managers and our Director of Catering since August 2013. She has 7 years of experience in the food service industry and 2 years of experience in managing multiple Rosati's Pizza restaurants.

Sam Davidson – Mr. Davidson has been one of our field and operations managers since 2013. He has over 20 years of experience in the food service industry and 8 years of restaurant management experience.

The Franchise Operations Manual, Recipe Manual, Host/Hostess Training Manual, Bartender Training Manual and Server Training 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 within 90 days after the date



of the Franchise Agreement that meets our approval. 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. 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 your Protected Area.

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. 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 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123. 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.

**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:

<b>Description of Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
ROSATI'S PIZZA	1,906,101	July 18, 1995
ROSATI'S PIZZA with Design	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.

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.

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 must not use the Marks in a website or in any other manner on the Internet without our prior written consent. You must not use any of the Marks on the Internet in any directory listing or advertising 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.

#### **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.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 12.A.	15 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 5 year terms.
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 may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
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.
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

Provision	Section in franchise or other agreement	Summary
		copy of your fully signed lease within 90 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 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).

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
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 franchising a similar business.
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.
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.	Except for certain claims, mandatory mediation before initiating litigation.
v. Choice of forum	Section 16.C.	Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law).



Provision	Section in franchise or other agreement	Summary
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.

**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.

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.

**AVERAGE GROSS SALES**  
**OF 11 “FULL-SERVICE” ROSATI’S PIZZA SIT-DOWN RESTAURANTS FOR 2013**

The following is a statement of the average gross sales of 11 “Full-Service” ROSATI’S PIZZA sit-down restaurants for the calendar year 2013. For purposes of this financial performance representation, a “Full-Service” ROSATI’S PIZZA restaurant has full table service and dine-in seating for 40 or more customers, a menu that includes food, non-alcoholic beverages, beer, wine and in some cases, hard liquor, and offers carryout and delivery services. A Full-Service ROSATI’S PIZZA restaurant is considered a sit-down restaurant as that term is used throughout this Disclosure Document. You should only rely on this section of the financial performance representation if you intend to establish a Full-Service sit-down restaurant.

The 11 Full-Service ROSATI’S PIZZA restaurants included in the average gross sales include 10 franchised restaurants and 1 affiliate-owned restaurant. “Affiliate-owned” as used in this financial performance representation means owned in total or in part by one or more shareholders of Rosati’s Franchising, Inc. The operations of the affiliate-owned Full-Service ROSATI’S PIZZA restaurant included in this statement are substantially similar to the operations of Full-Service ROSATI’S PIZZA franchised restaurants.

As of December 31, 2013, we had 117 franchised and affiliate-owned ROSATI’S PIZZA sit-down and carryout/delivery restaurants in operation. Of these 117 restaurants, 22 restaurants were operating as Full-

Service restaurants as defined above. 7 of the 22 Full-Service restaurants were not included in this average because they had been in operation for less than 12 months as of December 31, 2013 and 4 of the 22 Full-Service restaurants were not included in this average because they did not submit profit and loss statements or sales tax returns for all 12 months in 2013, or 2013 year-end income tax returns, so we did not have the required financial data to include them.

The information was compiled from monthly or quarterly sales tax returns or from profit and loss statements provided to us by the restaurant owners. 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 2013 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. No other offsets, such as discounts, coupons or refunds, were made to the total gross sales numbers reported on the sales tax returns.

<b>Average Gross Sales of 11 Full-Service Restaurants</b>	<b># of Restaurants meeting or exceeding the average</b>	<b>Percentage of Restaurants meeting or exceeding the average</b>	<b>Range of Gross Sales of the 11 Full-Service Restaurants</b>
\$982,412	5	45%	\$519,528 to \$1,642,826

**A new franchisee’s individual financial results may differ from the result stated in this financial performance representation.** Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Explanatory Notes:

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

- 1) The 11 Full-Service restaurants included in the average have been in operation as a ROSATI’S PIZZA restaurant for a period of time ranging from 1 year, 1 month to 13 years, 1 month. However, 5 of the restaurants converted to a Full-Service restaurant after having initially operated as a carryout/delivery restaurant. The range of time that these 5 restaurants have been operating as Full-Service restaurants as of December 31, 2013 is from 1 year to 3 years, 9 months. 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 50% of the Full-Service restaurants in operation as of December 31, 2013.
- 3) This financial performance representation does not include information concerning profits that may be realized in the operation of a Full-Service ROSATI’S PIZZA restaurant. Profits in the operation of a Full-Service ROSATI’S PIZZA restaurant will vary from restaurant to restaurant and from location to location and are dependent upon numerous factors beyond our control. We make no warranties, representations, predictions, promises or guarantees with respect to the profits likely to be experienced by individual franchisees.
- 4) Gross Sales experienced by a Full-Service ROSATI’S PIZZA franchised restaurant will vary from franchise operation to franchise operation, and we do not represent that the gross sales reached by these 11 Full-Service restaurants in 2013 will accurately predict the future results of these particular restaurants or for any prospective

franchisee. Factors which may cause material differences in the gross sales of a Full-Service ROSATI'S PIZZA restaurant include but are not necessarily limited to the following:

- \* Management, 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.

**AVERAGE GROSS SALES**  
**OF 15 "FAST-CASUAL" ROSATI'S PIZZA SIT-DOWN RESTAURANTS FOR 2013**

The following is a statement of the average gross sales of 15 "Fast-Casual" ROSATI'S PIZZA sit-down restaurants for the calendar year 2013. For purposes of this financial performance representation, a "Fast-Casual" ROSATI'S PIZZA restaurant has seating for more than 15 customers without full table service, a menu that includes food, non-alcoholic beverages and in some cases, beer, wine and/or hard liquor, and offers carryout and delivery services. A Fast-Casual ROSATI'S PIZZA restaurant is considered a sit-down restaurant as that term is used throughout this Disclosure Document. You should only rely on this section of the financial performance representation if you intend to establish a Fast-Casual sit-down restaurant.

The 15 Fast-Casual ROSATI'S PIZZA restaurants included in the average gross sales include 10 franchised restaurants and 5 affiliate-owned restaurants. "Affiliate-owned" as used in this financial performance representation means owned in total or in part by one or more shareholders of Rosati's Franchising, Inc. The operations of the affiliate-owned Fast-Casual ROSATI'S PIZZA restaurants included in this statement are substantially similar to the operations of the Fast-Casual ROSATI'S PIZZA franchised restaurants.

As of December 31, 2013, we had 117 franchised and affiliate-owned ROSATI'S PIZZA sit-down and carryout/delivery restaurants in operation. Of these 117 restaurants, 23 restaurants were operating as Fast-Casual restaurants as defined above. 2 of the 23 Fast-Casual restaurants were not included in this average because they had been in operation for less than 12 months as of December 31, 2013 and 6 of the 23 Fast-Casual restaurants were not included in this average because they did not submit profit and loss statements or sales tax returns for all 12 months in 2013, or 2013 year-end income tax returns, so we did not have the required financial data to include them.

The information was compiled from monthly or quarterly sales tax returns or from profit and loss statements provided to us by the restaurant owners. 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 2013 from all sales of food and beverages (non-alcoholic and/or 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. No other offsets, such as discounts, coupons or refunds, were made to the total gross sales numbers reported on the sales tax returns.

<b>Average Gross Sales of 15 Fast-Casual Restaurants</b>	<b># of Restaurants meeting or exceeding the average</b>	<b>Percentage of Restaurants meeting or exceeding the average</b>	<b>Range of Gross Sales of the 15 Fast-Casual Restaurants</b>
\$726,853	6	40%	\$173,549 to \$1,587,571

**A new franchisee’s individual financial results may differ from the result stated in this financial performance representation.** Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Explanatory Notes:

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

1) The 15 Fast-Casual restaurants included in the average have been in operation as a ROSATI’S PIZZA restaurant as of December 31, 2013 for a period of time ranging from 3 years to 50 years. However, 2 of the restaurants converted to a Fast-Casual restaurant after having initially operated as a carry-out/delivery restaurant. The range of time that these 2 restaurants have been operating as Fast-Casual restaurant as of December 31, 2013 is from 3 years to 20 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 65% of the Fast-Casual restaurants in operation as of December 31, 2013.

3) This financial performance representation does not include information concerning profits that may be realized in the operation of a Fast-Casual ROSATI’S PIZZA restaurant. Profits in the operation of a Fast-Casual ROSATI’S PIZZA restaurant will vary from restaurant to restaurant and from location to location and are dependent upon numerous factors beyond our control. We make no warranties, representations, predictions, promises or guarantees with respect to the profits likely to be experienced by individual franchisees.

4) Gross Sales experienced by a Fast-Casual ROSATI’S PIZZA restaurant will vary from franchise operation to franchise operation, and we do not represent that the gross sales reached by these 15 Fast-Casual ROSATI’S PIZZA restaurants in 2013 will accurately predict the future results of these particular restaurants or for any prospective franchisee. Factors which may cause material differences in the gross sales of a Fast-Casual restaurant include but are not necessarily limited to the following:

- \* Management, 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 beer, wine and/or 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.

**AVERAGE GROSS SALES**  
**OF 45 ROSATI'S PIZZA CARRYOUT/DELIVERY RESTAURANTS FOR 2013**

The following is a statement of the average gross sales of 45 ROSATI'S PIZZA carryout/delivery restaurants for the calendar year 2013. You should only rely on this section of the financial performance representation if you intend to establish a carryout/delivery restaurant.

The 45 ROSATI'S PIZZA carryout/delivery restaurants included in the average gross sales include 40 franchised restaurants and 5 affiliate-owned restaurants. "Affiliate-owned" as used in this financial performance representation means owned in total or in part by one or more shareholders of Rosati's Franchising, Inc. The operations of the affiliate-owned ROSATI'S PIZZA carryout/delivery restaurants included in this statement are substantially similar to the operations of ROSATI'S PIZZA franchised carryout/delivery restaurants.

As of December 31, 2013, we had 117 franchised and affiliate-owned ROSATI'S PIZZA sit-down and carryout/delivery restaurants in operation. Of these 117 restaurants, 72 restaurants were operating as carryout/delivery restaurants. 6 of the 72 carryout/delivery restaurants were not included in this average because they had been in operation for less than 12 months as of December 31, 2013 and 21 of the 72 carryout/delivery restaurants were not included in this average because they did not submit profit and loss statements or sales tax returns for all 12 months in 2013, or 2013 year-end income tax returns, so we did not have the required financial data to include them.

The information was compiled from monthly or quarterly sales tax returns, profit and loss statements or year-end income tax returns provided to us by the restaurant owners. 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 2013 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. No other offsets, such as discounts, coupons or refunds, were made to the total gross sales numbers reported on the sales tax returns.

<b>Average Gross Sales of 45 Carryout/Delivery Restaurants</b>	<b># of Restaurants meeting or exceeding the average</b>	<b>Percentage of Restaurants meeting or exceeding the average</b>	<b>Range of Gross Sales of the 45 Carryout/Delivery Restaurants</b>
\$469,231	21	46%	\$132,143 to \$1,013,628

**A new franchisee's individual financial results may differ from the result stated in this financial performance representation.** Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Explanatory Notes:

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

- 1) The carryout/delivery restaurants included in the average have been in operation as a ROSATI'S PIZZA restaurant as of December 31, 2013 for a period of time ranging from 1 year, 4 months to 46 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 62.5% of the carryout/delivery restaurants in operation as of December 31, 2013.
- 3) 64% of the carryout/delivery restaurants included in the average are located in the greater Chicago, Illinois area where the brand was first established in 1964. Accordingly, the results achieved by these restaurants may not be typical of those that may be achieved in a prospective franchisee's area.
- 4) This financial performance representation does not include information concerning profits that may be realized in the operation of a ROSATI'S PIZZA carryout/delivery restaurant. Profits in the operation of a ROSATI'S PIZZA carryout/delivery restaurant will vary from restaurant to restaurant and from location to location and are dependent upon numerous factors beyond our control. We make no warranties, representations, predictions, promises or guarantees with respect to the profits likely to be experienced by individual franchisees.
- 5) Gross Sales experienced by a ROSATI'S PIZZA carryout/delivery restaurant will vary from franchise operation to franchise operation, and we do not represent that the gross sales reached by these 45 ROSATI'S PIZZA carryout/delivery restaurants in 2013 will accurately predict the future results of these particular restaurants or for any prospective franchisee. Factors which may cause material differences in the gross sales of a carryout/delivery restaurant include but are not necessarily limited to the following:

- \* Management, 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
- \* 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.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Marla Topliff, Rosati's Franchising, Inc., 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123 (847) 426-8685, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2011 to 2013**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2011	94	97	+3
	2012	97	95	-2
	2013	95	102	+7
<b>Affiliate-Owned</b>	2011	12	12	0
	2012	12	13	+1
	2013	13	15	+2
<b>Total Outlets</b>	2011	106	109	+3
	2012	109	108	-1
	2013	108	117	+9

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than the Franchisor or an Affiliate)**  
**For Years 2011 to 2013**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Arizona</b>	2011	3
	2012	4
	2013	1
<b>Illinois</b>	2011	3
	2012	2
	2013	3
<b>Texas</b>	2011	0
	2012	1
	2013	0
<b>Wisconsin</b>	2011	0
	2012	1
	2013	1
<b>Total</b>	2011	6
	2012	8
	2013	5

**Table 3  
Status of Franchise Outlets  
For Years 2011 to 2013**

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
<b>Arizona</b> (Note 1)	2011	23	4	0	0	0	7	20
	2012	20	3	0	0	0	3	20
	2013	20	2	1	0	0	3	18
<b>California</b>	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	1	2
	2013	2	1	0	0	0	0	3
<b>Colorado</b>	2011	2	0	0	0	0	0	2
	2012	2	1	0	0	0	1	2
	2013	2	0	0	0	0	0	2
<b>Florida</b>	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
<b>Georgia</b>	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
<b>Illinois</b>	2011	52	4	0	0	0	3	53
	2012	53	6	2	0	0	3	54
	2013	54	4	1	0	0	0	57
<b>Indiana</b>	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
<b>Missouri</b>	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	2	1
	2013	1	2	0	0	0	2	1
<b>Nevada</b>	2011	5	0	0	0	0	0	5
	2012	5	0	0	0	0	1	4
	2013	4	1	0	0	0	0	5
<b>Texas</b>	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	1	0	0	0	0	3
<b>Wisconsin</b>	2011	6	2	0	0	0	0	8
	2012	8	0	0	0	0	0	8
	2013	8	1	0	0	0	0	9
<b>Totals</b>	2011	94	13	0	0	0	10	97
	2012	97	11	2	0	0	11	95
	2013	95	14	2	0	0	5	102

Explanatory Notes to Table 3:

(1) A termination agreement was entered into by us and one franchisee who owned 6 restaurants in Arizona. Pursuant to the termination agreement, he ceased operating all 6 restaurants as of 12/31/11. 4 of the restaurants were immediately re-opened by 4 new franchisees and 1 other location has been re-opened by a new franchisee in 2012.



**Table 4**  
**Status of Affiliate-Owned Outlets**  
**For Years 2011 to 2013**

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
Arizona	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	1	0	0	0	1
Illinois	2011	10	0	0	0	0	10
	2012	10	0	0	0	0	10
	2013	10	1	0	0	0	11
Kansas	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
Nevada	2011	1	0	0	0	0	1
	2012	1	0	1	0	0	2
	2013	2	0	0	0	0	2
Totals	2011	12	0	0	0	0	12
	2012	12	0	1	0	0	13
	2013	13	2	0	0	0	15

**Table 5**  
**Projected Openings**  
**As of December 31, 2013**

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	1	4	0
California	1	4	0
Florida	3	2	0
Georgia	0	2	0
Illinois	1	2	0
Indiana	1	2	0
Michigan	0	1	0
Minnesota	0	1	0
Missouri	0	0	1
Nebraska	0	1	0
Nevada	0	1	0
New Mexico	1	0	0
North Carolina	1	2	0
Ohio	0	1	0
Oregon	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	1	2	0
Virginia	0	1	0
Washington	0	1	0

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Affiliate-Owned Outlets in the Next Fiscal Year</b>
<b>Wisconsin</b>	0	1	0
<b>Total</b>	10	31	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, 2013.

Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses which are not yet operational as of December 31, 2013.

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, 2013, 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, 2013.

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 not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

We have a Catering Council that was created and is sponsored by us and advises us on our catering program. The contact for the Catering Council is Brissa Urbina, our Director of Catering. There is no other 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 years ending December 31, 2013, December 31, 2012, and December 31, 2011.

## **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
- Exhibit F Addendum to Franchisee's Lease Agreement
- Exhibit G Collateral Assignment of Lease

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

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 Business Oversight  
State of California  
320 West 4<sup>th</sup> 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) 586-2744

#### **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 Attorney General's Office  
Consumer Protection Division  
Franchise Section  
G. Mennen Williams Building, 7<sup>th</sup> Floor  
525 West Ottawa Street  
P.O. Box 30212  
Lansing, Michigan 48909  
(517) 373-7117

#### **Minnesota**

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101-2198  
(651) 296-6328

#### **New York**

Assistant Attorney General  
Investor Protection & Securities Bureau  
New York State Department of Law  
120 Broadway  
New York, New York 10271  
(212) 416-8211

#### **North Dakota**

Office of Securities Commissioner  
North Dakota Securities Department  
State Capitol  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

#### **Oregon**

Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
P.O. Box 14480  
350 Winter Street N.E.  
Salem, Oregon 97309-0405  
(503) 378-4387

**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 Securities  
Department of Labor and Regulation  
445 East Capitol Avenue  
Pierre, South Dakota 57501-3185  
(605) 773-4823

**Virginia**

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

**Washington**

Director  
Department of Financial Institutions  
Securities Division  
State of Washington  
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) 266-8577

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

**AGENTS FOR SERVICE OF PROCESS**

**California**

Commissioner of Business Oversight  
Department of Business Oversight  
State of California  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344

**Michigan**

Michigan Attorney General's Office  
Consumer Protection Division  
Franchise Section  
G. Mennen Williams Building, 7<sup>th</sup> Floor  
525 West Ottawa Street  
P.O. Box 30212  
Lansing, Michigan 48909

**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 7<sup>th</sup> Place East  
St. Paul, Minnesota 55101

**Illinois**

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

**New York**

Department of State  
One Commerce Plaza  
99 Washington Avenue  
Albany, New York 12231

**Indiana**

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

**North Dakota**

North Dakota Securities Commissioner  
State Capitol  
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

**Oregon**

Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
P.O. Box 14480  
350 Winter Street N.E.  
Salem, Oregon 97309-0405

**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 Securities  
Department of Labor and Regulation  
445 East Capitol Avenue  
Pierre, South Dakota 57501-3185

**Virginia**

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

**Washington**

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

**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**

**ARIZONA**

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Grayslake, IL 60030 (847) 543-8800

Rick Gigele and Anthony Patti  
826 Centennial Dr.  
Hampshire, IL 60140 (847) 683-1111

Michael Rosati\*  
360 S. Division St., #5  
Harvard, IL 60033 (815) 943-8100

Kanti Patel  
14218 S. Bell Rd.  
Homer Glen, IL 60491 (708) 301-0400

Anthony & Barb Patti  
28948 W. IL Rte. 120  
Lakemoor, IL 60051 (815) 578-1100

Mushtaq Kanchwala  
1243 State St.  
Lemont, IL 60439 (630) 243-1500

Sam & Dawn Bacarella  
1043 N. Milwaukee Ave.  
Libertyville, IL 60048 (847) 816-9500

Shawna Casey  
1047 E. 9th St.  
Lockport, IL 60441 (815) 588-2000

Dean Bobisud, Steve Polizzi and Rob Hickox  
705 E. Roosevelt Rd.  
Lombard, IL 60148 (630) 620-1700

Wayne Moll  
6104 E. Riverside Blvd.  
Loves Park, IL 61111 (815) 636-0600

Divyesh Patel  
530 W. North St., #107  
Manhattan, IL 60442 (815) 478-7000

Ward Green, Steve Polizzi and Rob Hickox  
4802 W. Elm St.  
McHenry, IL 60050 (815) 344-6667

Gurdev Juneja and Vikas Kumar  
19608 S. La Grange Rd.  
Mokena, IL 60448 (708) 479-9400

Arturo & Sandra Carlos  
2083 Orchard Rd.  
Montgomery, IL 60538 (630) 264-4410

Rajendra Patel  
233 E. US Rte. 6  
Morris, IL 60450 (815) 942-6000

Rick Greene  
3150 W. 111<sup>th</sup> St.  
Mt. Greenwood, IL 60655 (773) 239-4900

Abe Jaffer and Shabaz Khan  
406 W. 5<sup>th</sup> Ave.  
Naperville, IL 60563 (630) 305-3500

Steve & Jenny Nilles and Mark & Ingrid Bridges  
1935 95<sup>th</sup> St., #103  
Naperville, IL 60564 (630) 428-0400

Shawna Casey  
108 W. Illinois Hwy.  
New Lenox, IL 60451 (815) 485-1000

Raj & Jitendra Patel  
8166 N. Milwaukee Ave.  
Niles, IL 60714 (847) 825-5855

Rick Greene  
1720 Bradford Ln.  
Normal, IL 61761 (309) 888-4949

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

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

Rajendra Patel  
15925 S. Rte. 59, #105  
Plainfield, IL 60586 (815) 254-4500

Nirav Patel  
8334 W. Grand Ave.  
River Grove, IL 60171 (708) 453-1990

Munaf Kanchwala  
2221 S. Perryville Rd.  
Rockford, IL 61108 (815) 398-5300

Dan Berardi  
463 N. Weber Rd.  
Romeoville, IL 60446 (815) 293-2600

Munaf & Mumtaz Kanchwala and Akber & Erum Ali  
707 W. Jefferson St., Unit C  
Shorewood, IL 60404 (815) 725-8686

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

Saleem Bhimani  
495 N. State Rte. 47, Unit G  
Sugar Grove, IL 60554 (630) 466-9992

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

Murad Daya  
15911 S. 76th Ave.  
Tinley Park, IL 60477 (708) 444-1400

Shane Morrison  
701 S. Gregory St., Unit H  
Urbana, IL 61801 (217) 328-2334

Sam Bacarella and Ryan Hickman  
101 E. Townline Rd.  
Vernon Hills, IL 60061 (847) 362-6999

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

Abe Jaffer and Sultan Jasani  
177 N. Neltnor Blvd.  
West Chicago, IL 60185 (630) 876-0606

Cheryl Rosati  
1652 S. Eastwood Dr.  
Woodstock, IL 60098 (815) 338-3600

## INDIANA

Laura Augustine  
1411 S. Lake Park Ave.  
Hobart, IN 46342 (219) 942-5678

Nancy Healy  
5504 W. Lincoln Hwy.  
Schererville, IN 46375 (219) 864-1114



## MISSOURI

Shaheen Motlagh  
3046 S. Kimbrough Ave., #124  
Springfield, MO 65807 (417) 877-2008

## NEVADA

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

Kenneth Corbett  
8001 N. Durango Dr., #110  
Las Vegas, NV 89113 (702) 294-1212

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

William Fink  
5725 Losee Rd.  
North Las Vegas, NV 89084 (702) 642-2121

## TEXAS

Rodolfo Serna Reynoso, Edi Daniel Ramirez Paredes, Rene Xavier Chavira Venzor and Juan Manuel Reyes Portillo  
12111 Montwood Dr.  
El Paso, TX 79936 (915) 307-4045

Andrew Spezia  
5255 N. Presidential George Bush Hwy., #420  
Garland, TX 75040 (972) 496-9000

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

## WISCONSIN

Terence Goodman and Candice Lovell  
17565 W. North Ave.  
Brookfield, WI 53045 (262) 797-6466

Mike Dwyer  
6900 N. Santa Monica Blvd.  
Fox Point, WI 53217 (414) 228-8585

Daniel & Elizabeth Lent  
6558 S. Lovers Lane Rd.  
Franklin, WI 53132 (414) 529-1400

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

David Naskrent\* and John Horner  
6644 Mineral Point Rd.  
Madison, WI 53705 (608) 833-9300

David Naskrent\*  
N81W15086 Appleton Ave.  
Menomonee Falls, WI 53051 (262) 250-3333

Daniel Clark and Jean Wenninger  
14260 W. National Ave.  
New Berlin, WI 53151 (262) 784-5700

David Miers and Christopher Miers  
1907 Market Way, Ste. F  
Watertown, WI 53094 (920) 261-4222

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

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

## **EXHIBIT C-2: FRANCHISES NOT YET OPERATING**

### ARIZONA

Jason & Allison Travers  
18221 N. Pima Rd., Ste. 140  
Scottsdale, AZ 85255

### CALIFORNIA

Jesse Mores and John & Jennifer Keating  
1212 S. Pacific Coast Hwy.  
Redondo Beach, CA 90277

### FLORIDA

Kathleen Mayer  
21301 S. Tamiami Tr., Ste. 400  
Estero, FL 33928

Paul Krauledis  
935 N. Beneva Rd., #701  
Sarasota, FL 34232

Joe Wendling  
Address Line 1: TBD  
Address Line 2: TBD

### ILLINOIS

Mushtaq Kanchwala and Amin Kanchwala  
80 E. Division St.  
Coal City, IL 60416

### INDIANA

Marc Howard and Lisa Cler  
Address Line 1: TBD  
Address Line 2: TBD

### NEW MEXICO

Michael & Marida Kropski and Sundi Maestas  
5001 San Mateo Blvd. NE  
Albuquerque, NM 87109

NORTH CAROLINA

Dennis Rohde, Marcie Hilbert and Dianne Palmer  
2101 S. Main St., Ste. F  
Wake Forest, NC 27587

TEXAS

Himmad Khan  
1731 Federal Rd.  
Houston, TX 77015

## **EXHIBIT C-3: FORMER FRANCHISEES**

### ARIZONA

Choo Yoke Teo  
Alameda, CA 94501 (510) 931-0386  
Anthem, AZ unit terminated

Moises Mendez  
Chandler, AZ 85249 (480) 584-1400  
Mesa, AZ (Alma School Rd.) unit closed  
Mendez remained as a franchisee with a unit in Arizona until December, 2013

Clifford Holyoak  
San Tan Valley, AZ 85410 (480) 544-4595  
Mesa, AZ (Power Rd.) unit closed  
Holyoak remains as a franchisee with units in Arizona

Moises Mendez  
Chandler, AZ 85249 (480) 584-1400  
Phoenix, AZ (Baseline Rd.) unit closed

Phillip Leptich  
No address on file (630) 465-1714  
Scottsdale, AZ (Hayden Rd.) unit transferred to new franchisee

### ILLINOIS

Dean Badruddin  
Skokie, IL 60077 (847) 757-2110  
Chicago, IL (Broadway St.) unit transferred to new franchisees

Kamal Patel and Jignesh Patel  
No address on file (847) 370-6968 and Bartlett, IL 60103 no phone number on file  
Harvard, IL unit transferred to new franchisee  
Jignesh Patel remains as a franchisee with a unit in Illinois

Mushtaq Kanchwala  
Roselle, IL 60172 (630) 487-0757  
Lockport, IL unit transferred to new franchisee  
Kanchwala remains as a franchisee with a unit in Florida, a unit in Illinois and an unopened unit (opening pending) in Illinois

Angelo Pagni  
No address or phone number on file  
Rosemont, IL unit terminated

## MISSOURI

Kenneth & Stacy Keast and Ray & Lisa Wait  
Kansas City, MO 64155 (816) 456-5420 and Liberty, MO 64068 no phone number on file  
Kansas City, MO (Oak Trafficway) unit closed

Shaheen Motlagh  
Springfield, MO (417) 343-4081  
Springfield, MO (Fremont Ave.) unit closed  
Motlagh remains as a franchisee with a unit in Missouri

## WISCONSIN

David Naskrent\*  
Gilberts, IL (847) 489-6060  
Brookfield, WI unit transferred to franchisees  
Naskrent remains as a franchisee with a units in Arizona and units in Wisconsin

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

**EXHIBIT C-4: AFFILIATE-OWNED**

ARIZONA

David Naskrent\*, Anthony Rosati and David Rosati  
10855 N. 116th St., #140  
Scottsdale, AZ 85259 (480) 391-1111

ILLINOIS

Lisa Suma  
395 Cary Algonquin Rd.  
Cary, IL 60013 (847) 516-3800

David Rosati  
2665 Mannheim Rd.  
Des Plaines, IL 60018 (847) 635-6300

Mark Suma\* and 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

Robert Schultz, Lisa Suma, Geary Rosati and Stephen Rosati  
20001 Telegraph St., #1  
Marengo, IL 60152 (815) 568-1888

Stephen Rosati  
1629 S. Busse Rd.  
Mount Prospect, IL 60056 (847) 437-2112

Thomas J. Banning\* and David Rosati  
710 E. Railroad St., Unit A  
Sandwich, IL 60548 (815) 786-1500

Ray & Gina Scannicchio and Geary Rosati  
1770 W. Wise Rd.  
Schaumburg, IL 60193 (847) 891-5151

Kevin Dellegrazio, Anthony Rosati and David Rosati  
2S610 State Rte. 59, #11  
Warrenville, IL 60555 (630) 393-9393

William Durso and Geary Rosati  
838 E. Ogden Ave.  
Westmont, IL 60559 (630) 789-1970

Thomas J. Banning\*, Anthony Rosati and David Rosati  
1985 Marketview Dr.  
Yorkville, IL 60560 (630) 553-5533

#### KANSAS

Scott & Chandra Fender and David Rosati  
9928 College Blvd.  
Overland Park, KS 66210 (913) 696-0400

#### NEVADA

Stephen Rosati  
2555 Wigwam Pkwy.  
Henderson, NV 89074 (702) 897-8386

Stephen Rosati, Geary Rosati and Lisa Suma  
10030 W. Cheyenne Ave.  
Las Vegas, NV 89129 (702) 478-5757

\*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.**  
**FINANCIAL STATEMENTS**

AUDITED FINANCIAL STATEMENTS: December 31, 2013, December 31, 2012, December 31, 2011

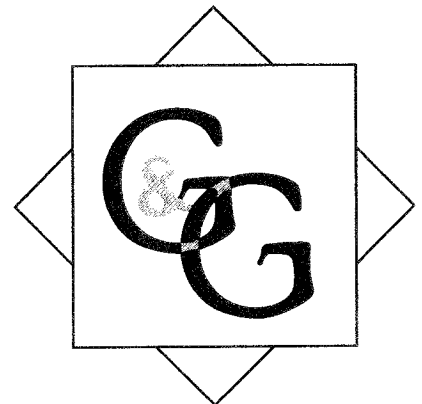
ROSATI'S PIZZA FRANCHISEE INFORMATION

ROSATI'S FRANCHISING, INC.

FINANCIAL STATEMENTS

(WITH ACCOUNTANT'S AUDIT REPORT THEREON)

YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

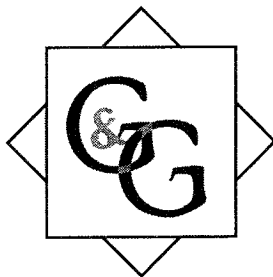


**GERSTEIN GREENE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

ROSATI'S FRANCHISING, INC.  
FINANCIAL STATEMENTS  
(WITH ACCOUNTANT'S AUDIT REPORT THEREON)  
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

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Statements of Cash Flows	5
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**GERSTEIN GREENE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

ROSATI'S FRANCHISING, INC.  
Elgin, Illinois

We have audited the accompanying balance sheets of ROSATI'S FRANCHISING, INC. as of December 31, 2013, 2012, and 2011, and the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of ROSATI'S FRANCHISING, INC. at December 31, 2013, 2012, and 2011, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted in the United States of America.

Respectfully submitted,

  
GERSTEIN GREENE & CO.

February 18, 2014

ROSATI'S FRANCHISING, INC.  
BALANCE SHEETS  
DECEMBER 31, 2013, 2012 AND 2011

	<u>ASSETS</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Current Assets</u>			
Cash on Hand and in Banks	\$ 23,720	\$ 118,068	\$ 88,480
Total Current Assets	<u>\$ 23,720</u>	<u>\$ 118,068</u>	<u>\$ 88,480</u>
<u>Property and Equipment</u>			
Office Equipment	\$ 12,456	\$ 7,340	\$ -
Office Furniture	1,658	1,658	-
Total Property and Equipment	\$ 14,114	\$ 8,998	\$ -
Less: Accumulated depreciation	<u>\$ 14,114</u>	<u>\$ 8,998</u>	<u>\$ -</u>
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Assets</u>			
Due from Franchisees	\$ 209,876	\$ 10,657	\$ -
Due from Affiliates	25,600	106,000	90,000
Development Costs (Net Amortization)	<u>-</u>	<u>80</u>	<u>1,722</u>
Total Other Assets	<u>\$ 235,476</u>	<u>\$ 116,737</u>	<u>\$ 91,722</u>
TOTAL ASSETS	<u><u>\$ 259,196</u></u>	<u><u>\$ 234,805</u></u>	<u><u>\$ 180,202</u></u>

(See Accountant's Audit Report)  
The accompanying summary of significant accounting policies and notes  
to the financial statements are an integral part of these statements.

ROSATI'S FRANCHISING, INC.  
BALANCE SHEETS  
December 31, 2013, 2012 and 2011

**LIABILITIES AND STOCKHOLDERS EQUITY**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Current Liabilities</u>			
Credit Cards	\$ 5,404	\$ 2,497	\$ 5,833
Payroll Taxes	682	1,011	105
	<u>6,086</u>	<u>3,508</u>	<u>5,938</u>
Total Current Liabilities	\$ 6,086	\$ 3,508	\$ 5,938
	<u>6,086</u>	<u>3,508</u>	<u>5,938</u>
<u>Stockholders Equity</u>			
Capital Stock	\$ 1,000	\$ 1,000	\$ 1,000
Additional Paid in Capital	172,000	172,000	172,000
Retained Earnings (Deficit)	80,110	58,297	1,264
	<u>253,110</u>	<u>231,297</u>	<u>174,264</u>
Total Stockholder's Equity	\$ 253,110	\$ 231,297	\$ 174,264
	<u>253,110</u>	<u>231,297</u>	<u>174,264</u>
<u>Total Liabilities and Stockholder's Equity</u>	<u>\$ 259,196</u>	<u>\$ 234,805</u>	<u>\$ 180,202</u>

(See Accountant's Audit Report)

The accompanying summary of significant accounting policies and notes  
to the financial statements are an integral part of these statements.

ROSATI'S FRANCHISING, INC.  
PROFIT AND LOSS STATEMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Net Sales</u>	\$ 2,256,276	\$ 1,706,191	\$ 809,435
<u>Operating Expenses</u>			
Royalty Fees	\$ 780,824	\$ 948,825	\$ 235,530
Salaries and Wages	680,195	357,112	230,769
Taxes - Payroll	54,123	34,192	20,459
Bad Debt	90,000	-	-
Taxes - Licenses and Permits	5,631	3,214	1,966
Taxes - Franchise	100	232	423
Advertising and Promotion	136,307	39,761	82,447
Legal and Professional Fees	45,392	26,812	18,333
Office expenses	22,706	20,431	28,023
Postage	2,157	2,435	2,209
Printing and Reproduction	-	-	5,834
Insurance	36,038	6,133	5,885
Rent Expenses	80,011	65,925	74,993
Consulting Fees	108,331	48,351	11,055
Automobile Expenses	26,748	19,912	-
Commision Expense	35,158	38,750	-
Employee Training	3,022	570	-
Bank Charges	899	72	60
Equipment Rental	5,035	1,183	3,957
Meals and Entertainment	20,028	5,698	3,807
Travel	72,751	5,508	2,321
Repairs and Maintenance	1,823	80	655
Utilities	2,157	2,241	2,226
Telephone	15,210	10,540	6,785
Dues and Subscriptions	4,621	541	695
<u>Total Operating Expenses</u>	<u>\$ 2,229,267</u>	<u>\$ 1,638,518</u>	<u>\$ 738,432</u>
<u>Operating Income (Loss)</u>	<u>\$ 27,009</u>	<u>\$ 67,673</u>	<u>\$ 71,003</u>
<u>OTHER EXPENSE</u>			
Depreciation and Amortization	5,196	10,640	4,340
<u>Net Income (Loss)</u>	<u>\$ 21,813</u>	<u>\$ 57,033</u>	<u>\$ 66,663</u>
<u>Retained Earnings, Beginning of the Year</u>	<u>58,297</u>	<u>1,264</u>	<u>(65,399)</u>
<u>Retained Earnings, End of Year</u>	<u>\$ 80,110</u>	<u>\$ 58,297</u>	<u>\$ 1,264</u>

(See Accountant's Audit Report)  
The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these statements.

ROSATI'S FRANCHISING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities</b>			
Net Income (Loss)	\$ 21,813	\$ 57,033	\$ 66,663
Adjustments to Reconcile Net Income (Loss)			
Depreciation and Amortization	5,196	10,640	4,340
Increase (Decrease) in Operating Liabilities			
Accounts Payable	-	-	(2,825)
Payroll Taxes	(329)	906	14
Credit Cards	2,907	(3,336)	5,833
	<u>2,907</u>	<u>(3,336)</u>	<u>5,833</u>
Net cash provided by (Used In) Operating Activities	<u>\$ 29,587</u>	<u>\$ 65,243</u>	<u>\$ 74,025</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property and Equipment	<u>\$ (5,117)</u>	<u>\$ (8,998)</u>	<u>\$ -</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ (5,117)</u>	<u>\$ (8,998)</u>	<u>\$ -</u>
<b>Cash Flows from Financing Activities</b>			
Cash paid from (to) Franchisees	\$ 80,400	\$ (16,000)	\$ -
Cash paid from (to) Affiliates	<u>(199,219)</u>	<u>(10,656)</u>	<u>-</u>
Net Cash Provided By (Used In) Financing Activities	<u>\$ (118,819)</u>	<u>\$ (26,656)</u>	<u>\$ -</u>
Net increase (decrease) in cash And Cash Equivalents	\$ (94,348)	\$ 29,588	\$ 74,025
Cash and Cash Equivalents at Beginning of Period	<u>118,068</u>	<u>88,480</u>	<u>14,455</u>
Cash and Cash Equivalents at End of Period	<u>\$ 23,720</u>	<u>\$ 118,068</u>	<u>\$ 88,480</u>

(See Accountant's Audit Report)  
The accompanying summary of significant accounting policies and notes  
to the financial statements are an integral part of these statements.



ROSATI'S FRANCHISING, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

1. Summary of Significant Accounting Policies

a. General Information Regarding This Business

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

b. Intangibles

Development costs consist of fees incurred to develop the Rosati's Master Specification Plan. The fees occurred during 2008 and total development costs recorded on the Company's books is \$11,579. The amortization of development costs began July 1, 2008 and are amortized using the straight line basis over sixty (60) months. The total amortization expense for December 31, 2013 is \$80 and the total accumulated amortization as of December 31, 2013 is \$11,579.

Due from Affiliates consists of funds paid out to affiliates of Rosati's Franchising, Inc. These are not loans made by Rosati's Franchising, Inc. nor are there terms for payback. Since nothing is expected to be paid back within the next twelve months, they are reflected as Other Assets. The balance due from Affiliates is \$25,600 as of December 31, 2013.

c. Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from those estimates.

d. Property and Equipment:

Property and equipment are stated at cost and are depreciated over their estimated useful lives using accelerated methods.

e. Cash and Cash Equivalents:

Cash and cash equivalents consists principally of short-term investments and are recorded at cost that approximates market value. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ROSATI'S FRANCHISING, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013

2. Concentration of Credit Risk :

The Company occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

The maximum loss resulting from this credit risk is \$ -0-, at December 31, 2013.

3 Stockholders' Equity

Rosati's Franchising, Inc. 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 are issued as follows:

Anthony M Rosati	166.0 shares
David M Rosati	166.0 shares
Geary Rosati	166.0 shares
Lisa Suma	166.0 shares
Joanne Czernak	170.0 shares
Stephen Rosati	166.0 shares

In November 2005, the shareholders contributed \$100,000 (divided equally) to Rosati's Franchising, Inc. as additional paid in capital. In December 2006, the shareholders contributed \$42,000 (divided equally) to Rosati's Franchising, Inc. as additional paid in capital. In September and October 2007, the shareholders contributed \$30,000 (divided equally) to Rosati's Franchising, Inc. as additional paid in capital.

4 Commitment:

The Company leases office space from an unrelated party under a five year lease expiring on January 31, 2015. Rent expense for the year ended December 31, 2013 was \$80,011.

The minimum rents indicated below are subject to adjustments for the Company's proportionate share of any increases in real estate taxes and operating expenses of the building over the annual base amount of \$49,966.

Minimum annual rents due are:

Year ended Decmeber 31,	<u>Amount</u>
2014	\$ 55,924
2015	<u>4,421</u>
	<u>\$ 60,345</u>

**EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE NUMBER** \_\_\_\_\_

**DATE EXECUTED** \_\_\_\_\_

ROSATI'S PIZZA  
FRANCHISE AGREEMENT

ROSATI'S FRANCHISING, INC.

with

\_\_\_\_\_  
\_\_\_\_\_

Store Address:

\_\_\_\_\_  
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- Exhibit A Franchise Location and Protected Area
- Exhibit B Security Agreement
- Exhibit C Statement of Ownership, Officers and Managers
- Exhibit D Guaranty and Assumption of Obligations
- Exhibit E Conditional Assignment of Telephone Numbers
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- Exhibit G Collateral Assignment of Lease

COMPANY INITIALS \_\_\_\_\_

\_\_\_\_\_FRANCHISEE INITIALS

## FRANCHISE AGREEMENT

Agreement made this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_, between Rosati's Franchising, Inc., an Illinois corporation located at 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123 (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 franchises 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 enter the 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.

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 \$25,000 by certified or cashier's check; or

**B. Additional Franchise.** If Franchisee is currently a ROSATI'S PIZZA franchisee purchasing an additional franchise, Franchisee shall pay to Company a Franchise Fee of \$12,500 by certified or cashier's check.

**C. Additional Franchise.** If Franchisee is an honorably discharged U.S. veteran, Franchisee will pay to Company a Franchise Fee of \$18,750 by certified or cashier's

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 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”), 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 by any other alternate channel of distribution; (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 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. Commence Operation Within 365 Days.** Franchisee shall 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, Company has the right to terminate this Agreement upon delivery of written notice to you. Franchisee acknowledges and agrees that Franchisee is responsible for obtaining a restaurant location for the Franchised Business acceptable to the Company. 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 ninety (90) 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. 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. 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 Lease shall be collaterally assigned to Company (with the consent of the lessor, if required), by execution of the Collateral Assignment of Lease attached hereto as Exhibit F (the assignment may be exercised only upon Franchisee's default under the Lease or this Agreement 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.

**C. 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.

**D. Construct 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) 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; (v) obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation services; (vi) 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; (vii) establish filing, accounting and inventory control systems conforming to the requirements presented by the Company; and (viii) 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 without the 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.

**E. 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.

**F. 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; (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, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer software; (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 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, government regulations, relating to 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 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 the standards and specifications in the Operations Manual and to provide proper customer service during all hours of operation. Franchisee shall be exclusively responsible for hiring, disciplining and firing all employees of the Franchised Business, and for the terms of their employment, their compensation and hours of work, and for the 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 if Company requires. 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 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. Accept Credit Cards.** Franchisee shall make arrangements with and accept Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, and electronic funds transfer systems which the Company designates from time to time, as part of the operation of the Franchised Business.

**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 any 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. 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 system, 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. 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.

3. 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 (3<sup>rd</sup>) 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 (3<sup>rd</sup>) 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 (15<sup>th</sup>) 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.

**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. 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 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. Contribute to the Advertising Fund.** Franchisee shall contribute to the advertising fund (the "Advertising Fund") for such advertising and marketing programs as the Company in its sole discretion from time to time deems appropriate. The Company shall 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 thereof. Franchisee agrees to contribute to the Advertising Fund zero to five percent (5%) of Franchisee's Gross Sales, as herein defined, such amount to be determined by Company. Advertising Fund contributions shall be paid together with the Royalty Fee due hereunder.

1. Franchisee agrees that 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. These programs and activities may include, without limitation, creating direct mail and media materials, formulating advertising and marketing programs, developing and maintaining website and internet-based advertising and marketing programs, intranet development and ongoing operation, toll-free restaurant locator and other customer services, employing advertising agencies to assist therewith, providing brochures and other advertising and marketing 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. 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 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. 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.

2. 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 thirty (30) 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 thirty (30) days prior written notice to Franchisee.

**B. Telephone Directory Listing.** 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 online directory listings, as are specified by the Company, utilizing the Company's standard forms of listing and advertisements. The Company may, at its option, maintain one (1) or more telephone numbers, including the applicable area code, for the Franchised Business and, if the Company does maintain such number(s), the Franchisee shall be authorized and required to use such number(s) during the term of this Agreement. The Franchisee acknowledges that Company shall have the sole rights to and interest in all such telephone numbers. Company shall notify the Franchisee monthly of the cost of such telephone service and the Franchisee shall, within five (5) days of the Franchisee's receipt of such a bill, reimburse Company for Company's costs in maintaining telephone numbers for the Franchised Business. In the event that the Franchisee does not reimburse Company, Company may, at its option, instruct the telephone service provider to terminate such telephone number(s) or to transfer such number(s) to Company or its designee.

**C. Grand Opening Advertising.** Company recommends that Franchisee spend, during the first four (4) months following the opening of the Franchisee's restaurant, a minimum of Five Thousand Dollars (\$5,000) on local advertising, marketing and promotion of the opening of the Franchised Business in accordance with an opening marketing plan approved by the Company. These grand opening expenditures are in addition to the Advertising Fund contributions specified above.

**D. Local Advertising.** In addition to Franchisee's obligations to contribute to the Advertising Fund and to pay for the grand opening expenditures, as set forth above, Franchisee agrees to expend monthly on local advertising and promotions of the Franchised Business and the Marks in each fiscal year of the Company four percent (4%) to seven percent (7%) of Franchisee's Gross Sales. Expenditures in any fiscal year in excess of such minimum advertising requirement shall not be credited against minimum advertising requirements for any other fiscal year. The Company shall have the right to require Franchisee to submit reports on local advertising expenditures and/or to review Franchisee's books and records from time to time to determine Franchisee's expenditures for such required advertising and promotion. If the Company determines that Franchisee has not spent the requisite amount, the Company may require Franchisee to pay such unexpended amounts to the Advertising Fund.

For purposes of the foregoing minimum advertising requirements, advertising expenditures shall include contributions to Company-approved advertising cooperatives, and amounts expended for advertising media such as television, radio, newspaper, billboards, magazines, posters, direct mail, yellow pages, program booklet advertising, collateral promotional and novelty items, advertising on public vehicles, and, if not provided by the Company, the cost of producing approved materials necessary to participate in these media, including advertising agency commissions related to the production of such advertising. Advertising expenditures shall not include payments for items which the Company, in its reasonable judgment, deems inappropriate for meeting the minimum advertising requirements, including, without limitation, payments in connection with permanent on-premises signs, lighting, purchasing or maintaining vehicles, even though such vehicles may display the Marks, and other payments.

Prior to their use by Franchisee, samples of all local advertising, promotion and public relations materials, including content to be placed on the Internet by Franchisee, not prepared or previously approved by the Company must follow our guidelines and 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, promotion or public relations materials or Internet content that the Company has disapproved. In such event, 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. Internet Promotion.** Franchisee specifically acknowledges and agrees that any website, directory listing or advertising on the Internet using the Marks or any use of the Marks on any social 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. In connection with any website relating to the Franchised Business that Franchisee wishes to establish, Franchisee agrees to the following: (1) Franchisee shall not establish or use the website without the Company's prior written approval, which approval may be conditioned on using a standard template provided by Company and which approval may be withheld by Company in its discretion; (2) Before establishing the website, Franchisee shall submit to Company a sample of the website format, content and other information in the form and manner Company may reasonably require; (3) In addition to any other applicable requirements, Franchisee shall comply with Company's standards and specifications for websites as prescribed in the Franchise Operations Manual or otherwise in writing; (4) If required by Company, Franchisee shall establish its website as part of Company's website and/or establish electronic links to Company's website; and (5) If Franchisee proposes any material revision to the website or any of the information contained in the website, Franchisee shall submit each such revision to Company for Company's prior written approval.

## **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.

**G. 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 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 Franchisor 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 prescribed by the Company.

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 and is 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 fifteen (15) 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 five (5) 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.

### **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 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, 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 executed with this Agreement), internet service providers, domain name registrars, 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, 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, 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 Collateral Assignment of 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 therefor.

**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.;

(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 acknowledges 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 to Company. 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 our 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 through an independent mediator. Unless otherwise mutually agreed, mediation shall commence 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 litigation concerning the dispute. Each party hereby agrees that all statements 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 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 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. Company shall have no obligation to mediate claims that are the subject of Paragraph 17.B herein.

**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. 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.), 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 irrevocably submits to the exclusive jurisdiction of any state or federal court of jurisdiction located in the State of Illinois and waives any objection Franchisee may have to either the jurisdiction or venue of such court.

**D. 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, if the Company or Franchisee are required to enforce this agreement in a judicial proceeding, 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.

**E. 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.**

**F. 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.

**G. 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.

**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. 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 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 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 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.** Whenever a time period is specified herein within which the Franchisee or the Company has a duty to perform some act, such period shall be extended for a time period corresponding to the duration of any delay caused by events or circumstances beyond the reasonable control of such party.

**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.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed on the date first above written.

**COMPANY:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
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: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

\_\_\_\_\_  
A \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT B**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
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: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address for Notice:  
\_\_\_\_\_  
\_\_\_\_\_

**DEBTOR:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address for Notice:  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT C**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_

**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  
DATED: \_\_\_\_\_

**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: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

(Percentage must equal 100)

**EXHIBIT E**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
BETWEEN THE UNDERSIGNED PARTIES

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS**

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 all telephone numbers and listings utilized by Assignor in the operation of Assignor's ROSATI'S PIZZA restaurant at Assignor's address above-referenced. 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 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 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 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 has been originally issued such telephones, telephone numbers, telephone listings and the usage thereof.

**ASSIGNOR (Franchisee):**

**ASSIGNEE (Franchisor):**

ROSATI'S FRANCHISING, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
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 sufficiency 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, 2250 Point Boulevard, Suite 335, Elgin, IL 60123.
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 a tangible net worth at least equivalent to the tangible net worth of Tenant. 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.

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\_\_\_\_\_ FRANCHISEE INITIALS



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 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 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 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  
2250 Point Boulevard, Suite 335  
Elgin, IL 60123
  
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, as required 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.
  
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 products and other products and services as authorized by Franchisor for Rosati's Pizza franchisees from time to time.
  
7. **EXCLUSIVE USE.** 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

COMPANY INITIALS \_\_\_\_\_

\_\_\_\_\_FRANCHISEE INITIALS

to engage in a business that primarily sells pizza, pasta, Italian sandwiches and related products. As used herein, the term “primarily” means that greater than 20% of the gross sales of the restaurant are derived from the sale of pizza, pasta, Italian sandwiches and related products. 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 Tenant’s ROSATI’S PIZZA franchised business reflects the then-current image for ROSATI’S PIZZA 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 trademarks and service marks 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. 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.
  
- 12. 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.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

LANDLORD:

TENANT:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

TO THE ROSATI'S PIZZA FRANCHISE AGREEMENT

DATED: \_\_\_\_\_

**COLLATERAL ASSIGNMENT OF LEASE**

KNOW ALL MEN BY THESE PRESENTS, that \_\_\_\_\_, a(n) \_\_\_\_\_ ("Assignor"), does hereby assign, transfer and set over unto Rosati's Franchising, Inc., an Illinois corporation (the "Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease or sublease (collectively, the "Lease") dated \_\_\_\_\_, 20\_\_\_\_ between Assignor, as tenant, and \_\_\_\_\_ as landlord or sublessor, for the premises known as \_\_\_\_\_.

This Assignment is for collateral purposes only, and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the lease unless Assignee shall elect to assume the rights and obligations of Assignor under the Lease. Assignee shall make such election by mailing written notice of such election to lessor and Assignor by United States Certified Mail, duly addressed and posted or by reputable overnight commercial delivery service.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interests therein and that Assignor has not previously and is not obligated to, assign or transfer any of its interests in the Lease or the premises demised thereby.

This Assignment is given to Assignee to secure the faithful performance by Assignor of the terms and conditions of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Assignor and Assignee (the "Franchise Agreement"). Upon a default by Assignor under the Lease, a default by Assignor under the Franchise Agreement, or the expiration or termination of the Franchise Agreement, Assignee shall have the right and is hereby empowered, upon ten (10) days' notice to the Assignor, to assume the above-referenced Lease and take possession of the premises.

Further, Assignor agrees to indemnify Assignee against and to reimburse Assignee for all valid claims, obligations, losses, damages and taxes occurring or accruing on or prior to the date upon which Assignee assumes the Lease and for all costs reasonably incurred by Assignee in defense of any such valid claim brought against it or in any action concerning such a claim in which Assignee is made a party, including without limitation, reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation expenses to include travel and living expenses.

This Assignment shall be in full force and effect for the full term of the Lease hereinabove described and any renewal or extension terms, including any such renewal pursuant to the terms of the Lease. Upon expiration of the Lease, this Assignment shall be null and void.

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ROSATI'S PIZZA FRANCHISE AGREEMENT 2014

\_\_\_\_\_FRANCHISEE INITIALS



**CONSENT AND AGREEMENT OF LESSOR**

The undersigned lessor under the Lease described above hereby:

(a) Consents to the foregoing Collateral Assignment of Lease executed by \_\_\_\_\_ (“Assignor”) in favor of Rosati’s Franchising, Inc. (“Assignee”), and agrees that if Assignee takes possession of the leased premises and confirms to lessor the assumption of the Lease by Assignee as lessee under it in writing, lessor shall recognize Assignee as lessee under the Lease, provided that Assignee cures the defaults of Assignor under the Lease within thirty (30) days of notice to Assignee that Assignor has not cured its defaults; and

(b) Agrees that Assignee may further assign the Lease to a person, firm or corporation who has been granted a franchise by Assignee and who agrees to assume the lessee's obligations under the Lease and who is reasonably acceptable to lessor, and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, lessee or otherwise.

LESSOR:

Dated: \_\_\_\_\_

CORPORATE SIGNATURE:

ATTEST:

\_\_\_\_\_

a(n) \_\_\_\_\_ corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

**ROSATI'S PIZZA**  
**FRANCHISE OPERATIONS MANUAL**  
**TABLE OF CONTENTS**

FRANCHISE OPERATIONS MANUAL

ROSATI'S PIZZA FRANCHISEE INFORMATION

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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 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\_\_\_\_

12. 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\_\_\_\_

13. 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.

Question No.                      Explanation

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14. 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\_\_\_\_

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 gross or net profits from operating of a Rosati's Pizza restaurant franchise?

Yes\_\_\_\_ No\_\_\_\_

16. 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\_\_\_\_

17. 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\_\_\_\_

18. 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\_\_\_\_

19. 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\_\_\_\_

20. 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 AN ATTACH 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 us and that Rosati's Franchising, Inc. 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 website, [www.myrosatis.com](http://www.myrosatis.com), has 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](http://www.dbo.ca.gov).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE 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 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 5 of the Franchise Disclosure Document is revised to include the following:**

You will not pay the initial franchise fee when you sign the Franchise Agreement. Your payment of the initial franchise fee is deferred until our initial obligations to you are completed.

**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 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, 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 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."

6. Section 1 of the Franchise Agreement on Franchise Fee is amended in part by revising the first sentence to read as follows:

The Franchise Fee is due once Company has completed all of its initial obligations to Franchisee.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**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.

**Item 17 of the Disclosure Document is amended as follows:**

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to franchisee concerning nonrenewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with Act, the Act will control.

Any release of claims or acknowledgement of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

Illinois Franchise Disclosure Act paragraph 705/27 provides that no action shall be maintained under Section 26 of the Act to enforce any liability created by the Act unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after franchisee becomes aware of facts or circumstances reasonably indicating that franchisee may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

Illinois Franchise Disclosure Act paragraph 705/41 provides that any condition, stipulation or provision purporting to bind Franchisee to waive compliance with any provision of the Act or any other law of the State of Illinois is void. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

**ROSATI'S FRANCHISING, INC.**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**FOR USE IN STATE OF ILLINOIS**

THIS ADDENDUM to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, 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, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ROSATI'S FRANCHISING, INC.  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA**

This addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between 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, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ROSATI'S FRANCHISING, INC.**  
**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**FOR THE STATE OF MARYLAND**

This Addendum is to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ 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 HEREOF, the parties have signed this Agreement as of the day and year first above written.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



**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 this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, 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**, the parties hereto have caused this Agreement to be duly executed on the date first above written.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

**FRANCHISEE:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**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 upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law."

3. Item 17.u. of the Franchise Disclosure Document on "Dispute resolution by arbitration or mediation" and Item 17.v. of the Franchise Disclosure Document on "Choice of forum" shall be amended by the addition of 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."

4. Item 17.v. of the Franchise Disclosure Document on "Choice of forum" shall be amended by the addition of the following:

"The consent to the jurisdiction of the courts of the state of Illinois shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law."

5. Item 17.w. of the Franchise Disclosure Document on "Choice of law" shall be amended by the addition of the following:

"Application of Illinois law is inapplicable to franchises operating under the North Dakota Franchise Investment Law."

**ROSATI'S FRANCHISING, INC.**  
**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**FOR THE STATE OF NORTH DAKOTA**

This Addendum is to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ 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 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 language to the original language that appears therein:

"Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law."

3. Section 16.C. of the Franchise Agreement on Governing Law/Consent to Jurisdiction is deleted in its entirety.

4. Section 16.E. of the Franchise Agreement on Waiver of Punitive Damages and Jury Trial is deleted in its entirety.

5. Section 16.F. 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**, the parties hereto have caused this Agreement to be duly executed on the date first above written.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

**FRANCHISEE:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

\_\_\_\_\_  
A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**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 this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, 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 HEREOF, the parties have signed this Agreement as of the day and year first above written.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

**FRANCHISEE:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



**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 FRANCHISE AGREEMENT**  
**FOR USE IN STATE OF WASHINGTON**

This addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Rosati's Franchising, Inc. (Franchisor) and \_\_\_\_\_ (Franchisee) to amend said Agreement as follows:

1. If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. Section 2 of the Franchise Agreement is amended in part to delete the Company's right to require payment of the Royalty fee more frequently than weekly.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ROSATI'S FRANCHISING, INC.  
ADDENDUM TO FRANCHISE AGREEMENT  
FOR USE IN STATE OF WISCONSIN**

THIS ADDENDUM to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, 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, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**  
**ROSATI'S FRANCHISING, INC.**  
An Illinois corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

or if Franchisee is an entity:

\_\_\_\_\_  
A \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**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: Marla Topliff, Rosati's Franchising, Inc. 2250 Point Boulevard, Suite 335, Elgin, Illinois 60123 (847) 426-8685; and *[Check as applicable]*

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Anthony Rosati | <input type="checkbox"/> David Rosati     | <input type="checkbox"/> Mark Suma        |
| <input type="checkbox"/> Stephen Rosati | <input type="checkbox"/> Geary Rosati     | <input type="checkbox"/> Michael Rosati   |
| <input type="checkbox"/> Ray Czernek    | <input type="checkbox"/> Lisa Rosati Suma | <input type="checkbox"/> Brent Rosati     |
| <input type="checkbox"/> Joanne Czernek | <input type="checkbox"/> David Naskrent   | <input type="checkbox"/> Timothy McCarthy |
| <input type="checkbox"/> Ron Perry      | <input type="checkbox"/> Darren Schmitt   | <input type="checkbox"/> Andrew Rosati    |

- \_\_\_\_\_
- Matthew Smith, 1215 Crestbrook Drive, Cumming, Georgia 30040, (404)271-3178
- John Li, 1220 E. Iroquois Ave., Ste. 201, Naperville, IL 60563, (630) 701-6163

Issuance Date: March 27, 2014 as amended April 14, 2014

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 27, 2014 as amended April 14, 2014 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<br>Affiliate-Owned Units | Exhibit G | Franchisee Acknowledgement Questionnaire |
| Exhibit D | Audited Financial Statements                    | Exhibit H | State Addendum                           |

Date FDD Received	Signature	Printed Name
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Date FDD Received	Signature	Printed Name
-------------------	-----------	--------------

On behalf of \_\_\_\_\_

**RECEIPT  
(RETURN THIS COPY TO US)**

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| <input type="checkbox"/> Stephen Rosati   | <input type="checkbox"/> Geary Rosati     | <input type="checkbox"/> Michael Rosati   |
| <input type="checkbox"/> Ray Czernek  | <input type="checkbox"/> Lisa Rosati Suma | <input type="checkbox"/> Brent Rosati     |
| <input type="checkbox"/> Joanne Czernek   | <input type="checkbox"/> David Naskrent   | <input type="checkbox"/> Timothy McCarthy |
| <input type="checkbox"/> Ron Perry  | <input type="checkbox"/> Darren Schmitt   | <input type="checkbox"/> Andrew Rosati    |
| <input type="checkbox"/> _____  |   |   |
| <input type="checkbox"/> Matthew Smith, 1215 Crestbrook Drive, Cumming, Georgia 30040, (404)271-3178    |   |   |
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Issuance Date: March 27, 2014 as amended April 14, 2014

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\_\_\_\_\_  
Date FDD Received

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date FDD Received

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

On behalf of \_\_\_\_\_