

FRANCHISE DISCLOSURE DOCUMENT

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

DEPARTMENT OF CORPORATIONS
RECEIVED LOS ANGELES OFFICE

MAR 23 2012

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 \$121,500 to \$411,000 for a carry out/delivery only location and from \$125,500 to \$520,000 for a sit down restaurant. This includes \$25,000 that must be paid to the franchisor.

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 Andrea Curless 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 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 21, 2012

(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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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: _____

Illinois: _____

Indiana: _____

Minnesota: _____

Washington: _____

Wisconsin: _____

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2. BUSINESS EXPERIENCE	2
3. LITIGATION	5
4. BANKRUPTCY	5
5. INITIAL FEES	5
6. OTHER FEES	5
7. ESTIMATED INITIAL INVESTMENT	8
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
9. FRANCHISEE'S OBLIGATIONS	14
10. FINANCING	16
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	16
12. TERRITORY	22
13. TRADEMARKS	24
14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	25
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION	26
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	26
17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	26
18. PUBLIC FIGURES	29
19. FINANCIAL PERFORMANCE REPRESENTATIONS	29
20. OUTLETS AND FRANCHISEE INFORMATION	30
21. FINANCIAL STATEMENTS	34
22. CONTRACTS	34
23. RECEIPTS	35

EXHIBITS

Exhibit A	State Administrators
Exhibit B	Agents for Service of Process
Exhibit C	List of Franchises and Affiliate-Owned Units
	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 D	Audited Financial Statements
Exhibit E	Franchise Agreement with Security Agreement and Guaranty and Assumption of Obligations
Exhibit F	Operations Manual Table of Contents
Exhibit G	Franchise Acknowledgement Questionnaire
Exhibit H	State Addendum

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.

Illinois Corporation. 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 ROSATI'S PIZZA trademark is owned by Rosati's Franchise Systems, Inc. ("RFSI"). 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.

The Business of the Franchise. We franchise a pizzeria restaurant featuring pizza and casual Italian food (the "Franchised Business") under the "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 franchise offered is for the right to operate a ROSATI'S PIZZA using the Marks and the System at a specific location. You may operate your ROSATI'S PIZZA restaurant as either a carry out/delivery only location or a sit down location which may include a bar area with televisions. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

Competition. Your competitors would include other restaurants and home cooking including other ROSATI'S PIZZA restaurants. The market for restaurants featuring pizza and other food items is quite developed.

Prior Business Experience of Us and Our Affiliate. The first ROSATI'S PIZZA restaurant opened in 1964. 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, companies related to us by common ownership have owned and operated ROSATI'S PIZZA restaurants since 1990. As of December 31, 2011, companies with common ownership owned and were operating 12 ROSATI'S PIZZA restaurants.

Vive Bene Enterprises, Inc. has offered PAPA SAVERIO'S franchises since September 2004. As of December 31, 2011, it had 20 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.

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. The details of state, county and local laws and regulations vary from place to place. You should investigate these laws and regulations. We will provide information for required menu labeling for our proprietary products only. It is your responsibility to obtain this information for other food products you sell.

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 and was Director of Marketing for Papa Saverio's Pizzeria from January of 2000 to December 2003.

Treasurer: Jeffrey L. Brown

Mr. Brown was the Treasurer from December 2006 to September 2007 and since October 2008 of Rosati's Franchising, Inc. From June 1992 to the present, Mr. Brown has been owner of JB Brown & Co., an accounting and tax service business in Vernon Hills, Illinois.

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 1990 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 1999 to 2006, Mr. Rosati owned multiple Papa Saverio's Pizzeria restaurants.

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 the present, Mr. Rosati has been 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. From 1999 to 2006, Mr. Rosati owned multiple 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, Ms. Rosati Suma owned multiple Alfredo's Pizza restaurants.

Director, Vice President and Treasurer: 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 & 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. 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. From March 1992 to November 2006 she was an X-Ray Technician for Family Practice, a medical business in Palatine, Illinois.

Operations Manager: Joseph Fiore

Mr. Fiore has been Operations Manager since March 2009 and was a consultant and trainer from January to February 2009 of Rosati's Franchising, Inc. From December 2004 to the present, he has also been the Director of Operations of Vive Bene Enterprises, Inc. in Elgin, Illinois, which franchises Papa Saverio's Pizzeria restaurants.

Director of Franchise Sales: Timothy McCarthy

Mr. McCarthy has been our Director of Franchise Sales since January 2012. 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. From January 2006 to March 2008, he was Vice President Franchise Development for Trade Show Marketing in Scottsdale, Arizona.

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: Ray Czernek

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

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, and from July 2005 to April 2007 he was the owner, of the Rosati's Pizza restaurant in Woodstock, Illinois.

Corporate Advisor: David Naskrent

Mr. Naskrent has been a Corporate Advisor for Rosati's Franchising, Inc. since 2008. From 2000 to the present, Mr. Naskrent has been the President, CEO and owner of DGN Enterprise, Inc. which operates a Rosati's Pizza in Madison, Wisconsin. From 2007 to present, Mr. Naskrent has been the President, CEO and owner of DHSC Enterprise, Inc. which operates a Rosati's Pizza in Peoria, Arizona. From 2007 to present, Mr. Naskrent has been the President, CEO and owner of DPHC Enterprise, Inc. which operates a Rosati's Pizza in Phoenix, Arizona. From June 2009 to present, Mr. Naskrent has been the President, CEO and owner of Arizona Valley Enterprise, Inc. which operates a Rosati's Pizza in Cave Creek, Arizona. From 2008 to present, Mr. Naskrent has been a Corporate Advisor for Vive Bene Enterprises, Inc. in Elgin, Illinois which franchises Papa Saverio's Pizzeria restaurants. Between August 2006 and November 2008, Mr. Naskrent was a Systems Engineer for Motorola in Schaumburg, Illinois.

Corporate Advisor: Brent Rosati

Mr. Rosati has been a Corporate Advisor for Rosati's Franchising, Inc. since 2006. From 1997 to 2005, he was a Manager of the Rosati's Pizza restaurant in Lake Zurich, Illinois.

3. LITIGATION

Pending actions: None

Prior actions:

Arkadius Czech v. Papa Saverio's West Schaumburg, LLC, Papa Saverio's Development Corp., Rosati's Development, Inc., Papa Saverio's Management Corp., Anthony M. Rosati, David M. Rosati, and Donald W. Fortin, Jr. (Case No. 02L 012247) in the Circuit Court of Cook County, Illinois filed on September 26, 2002 was an action filed for damages for rescission of a Papa Saverio's franchise agreement and for breach of an operating agreement contract. On October 21, 2003 the parties concluded this matter by entering into a Settlement, Termination and Release agreement whereby Mr. Czech; who was the operator of the restaurant, sold his interest in the restaurant to Papa Saverio's West Schaumburg, LLC in exchange for \$38,000 and the signing of mutual releases by all parties.

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

4. BANKRUPTCY

No bankruptcy is required to be disclosed in this 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.

For 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).

6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales.	Payable weekly	See Notes 1, 2 and 6.
Advertising Fund	0% to 5% of Gross Sales. Currently Fund is not in effect.	Payable weekly	See Notes 1, 5 and 6.
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 Notes 1 and 5.
Ongoing/Refresher	Currently we do not	As incurred	See Item 11.

Type of Fee	Amount	Due Date	Remarks
Training	charge; however, we reserve the right to charge a fee.		
Convention or National Business Meeting	No fee was charged in 2011; however we reserve the right to charge a fee.	As incurred	See Item 11.
Additional Assistance	Currently we do not charge; however, we reserve the right to charge a fee.	As incurred	See Note 3 and Item 11.
Transfer	One-half of the then current initial franchise fee for a first franchise (and non-refundable); currently \$12,500.	At time of transfer	If you transfer your franchise to your corporation or limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due.
Audit	Cost of inspection or audit; estimated at \$1,500, if we determine we need to hire an auditor.	As incurred	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%.
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.	As incurred	---
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 4.
Lease Renewal Fee	Reimburse our costs, but currently not exceeding \$2,500.	As incurred	See Items 8 and 11.
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.	As incurred	The Regional Advisory Council would choose its own assessments. See

Type of Fee	Amount	Due Date	Remarks
			Item 11.
Software	Not yet specified.	As incurred	See Items 8 and 11.
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 upon your failure to comply with the Franchise Agreement.
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 \$5,000 for a carry-out store and up to \$20,000 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.

- (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 handcars) 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.
- (3) At your request, we will provide additional assistance beyond our standard support, at a cost to you based on our then current daily fee for the respective personnel performing such assistance plus other reasonable expenses including all transportation, lodging and other expenses.

- (4) 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.
- (5) The expenditures for the local advertising and promotion are paid to your local vendors, and the expenditures are typically non-refundable. All other fees are imposed by and payable to us and are non-refundable.
- (6) 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.
- (7) We may at times waive fees due to a franchisee's particular circumstance. Otherwise all fees are imposed uniformly.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

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

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$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 \$5,000	As incurred	Prior to Opening	Other suppliers
Office Equipment and Supplies	\$500 to \$1,500	As incurred	Prior to Opening	Other suppliers
Insurance Premiums (3)	\$1,500 to \$2,500	As incurred	As Incurred	Other suppliers
Professional Fees	\$2,000 to	As incurred	Prior to Opening	Other

Name of Expenditure	Actual or Estimated Amounts \$10,000	Method of Payment	When Due	To Whom Payment Is To Be Made suppliers
Initial Inventory	\$5,000 to \$8,000	As incurred	Prior to Opening	Other suppliers
Lease, Utility and Security Deposits	\$0 to \$6,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (4)	\$3,000 to \$18,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (5)	\$20,000 to \$140,000	As incurred	Prior to Opening	Other suppliers
Equipment (6)	\$50,000 to \$125,000	As incurred	Prior to Opening	Other suppliers
Signage	\$2,500 to \$15,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits	\$500 to \$25,000	As incurred	Prior to Opening	Other suppliers
Grand Opening Advertising (7)	\$5,000	Lump sum	Within three months of the opening of your Franchised Business.	Other suppliers
Additional Funds for First 3 Months (8)	\$5,000 to \$25,000	As incurred	As incurred	Third Parties
TOTAL (9) (10) (11)	\$121,500 to \$411,000	---	---	---

Explanatory Notes to Table:

(1) **Initial Franchise Fee.** As described in Item 5, for a first ROSATI'S PIZZA franchise, the initial franchise fee is \$25,000. 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.

(3) **Insurance.** You must obtain and maintain certain types and amounts of insurance (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) 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.
- (5) Leasehold Improvements. Leasehold Improvements and Equipment costs can vary greatly but can be significantly reduced if you take over an existing space or if your landlord does your build out at part of your lease.
- (6) Equipment. The lower figure represents the estimated initial investment if you choose to purchase some used equipment. The higher figure is the estimated cost if you pay the full purchase price of the equipment. No additional 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. (See Item 8). We expect that if you propose to lease or own your own 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.
- (7) Grand Opening Advertising. We recommend that you spend at least \$5,000 on grand opening advertising within the first 3 months of opening the ROSATI'S PIZZA restaurant.
- (8) Additional Funds. This item estimates your initial start up expenses. 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.
- (9) You should review these figures carefully with professional advisors (like an attorney and accountant) before making any decision to purchase the franchise.
- (10) 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. 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.
- (11) Amounts paid to us or the Advertising Fund are not refundable. Amounts paid to others may not be refundable.

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

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$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 \$5,000	As incurred	Prior to Opening	Other suppliers
Office Equipment and Supplies	\$500 to \$1,500	As incurred	Prior to Opening	Other suppliers
Insurance Premiums (3)	\$2,500 to \$5,500	As incurred	As incurred	Other suppliers
Professional Fees	\$2,000 to \$10,000	As incurred	Prior to Opening	Other suppliers
Initial Inventory	\$5,000 to \$10,000	As incurred	Prior to Opening	Other suppliers
Lease, Utility and Security Deposits	\$0 to \$12,000	As incurred	Prior to Opening	Landlord Utilities
Initial Rent (4)	\$6,000 to \$36,000	As incurred	Prior to Opening	Landlord
Leasehold Improvements (5)	\$20,000 to \$195,000	As incurred	Prior to Opening	Other suppliers
Equipment (6)	\$50,000 to \$150,000	As incurred	Prior to Opening	Other suppliers
Signage	\$2,500 to \$15,000	As incurred	Prior to Opening	Other suppliers
Business Licenses and Permits	\$500 to \$25,000	As incurred	Prior to Opening	Other suppliers
Grand Opening Advertising (7)	\$5,000	Lump sum	Within three months of the opening of your Franchised Business.	Other suppliers

Name of Expenditure	Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Additional Funds for First 3 Months (8)	\$5,000 to \$25,000	As incurred	As incurred	Third Parties
TOTAL (9) (10) (11)	\$125,500 to \$520,000	---	---	---

Explanatory Notes to Table:

- (1) Initial Franchise Fee. As described in Item 5, for a first ROSATI'S PIZZA franchise, the initial franchise fee is \$25,000. 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.
- (3) Insurance. You must obtain and maintain certain types and amounts of insurance. (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) Initial Rent. The estimate includes rent payments for the first 3 months. The estimate is based on the typical Franchised Business which will occupy approximately 2,000 to 3,500 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.
- (5) Leasehold Improvements. Leasehold Improvements and Equipment costs can vary greatly but can be significantly reduced if you take over an existing space or if your landlord does your build out at part of your lease.
- (6) Equipment. The lower figure represents the estimated initial investment if you choose to purchase some used equipment. The higher figure is the estimated cost if you pay the full purchase price of the equipment. No additional 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. (See Item 8). We expect that if you propose to lease or own your own 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.
- (7) Grand Opening Advertising. We recommend that you spend at least \$5,000 on grand opening advertising within the first 3 months of opening the ROSATI'S PIZZA restaurant.
- (8) Additional Funds. This item estimates your initial start up expenses. 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.

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

(10) 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. 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.

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

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 2011, 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 third party licensed by us to prepare and sell such products; 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 receipt in writing of the modification, reorder any brand 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.

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 the distributor or other supplier by us. You must notify us and submit to us the information, specifications, and samples as we request if the Franchised Business 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 from a distributor or other supplier who has not been previously approved by us. We will notify you within a reasonable time whether the Franchised Business is authorized to purchase such products from the distributor or other supplier. We may impose reasonable inspection and supervision fees on approved suppliers to cover our costs incurred in making the determination.

Collectively, the purchases and leases described above are approximately 70% of your overall purchases and leases in establishing the Franchised Business and approximately 30% to 50% 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 1.5% 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 if required, comprehensive public liability and property damage, vehicle liability, including owned, hired and non-owned vehicle coverage, business interruption and general and umbrella coverages. You must have dram shop insurance if you are serving alcohol. The insurance coverage must be maintained 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 and issued by insurance carriers rated "AAA" by A.M. Best Company. 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 thirty days advance written notice of termination, expiration or cancellation or modification of any policy. Before your commencement of operations, and annually thereafter, 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.

9. **FRANCHISEE'S OBLIGATIONS**

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 5.A, B and D of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 5.B, C, F, G and I of Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 5.B, C, F and G of Franchise Agreement	Items 5, 6, 7, 8 and 11
d. Initial and ongoing training	Sections 4.A, B, C and D of Franchise Agreement	Items 6 and 11
e. Opening	Section 5.A of Franchise Agreement	Item 11
f. Fees	Sections 1, 2, 4.A, 4.D, 5.C, 5.D, 5.E, 5.F, 5.G, 5.H, 5.I, 5.J, 5.L, 5.M, 5.O, 5.P, 5.Q, 5.R, 5.S, 5.T, 7.D, 8.B, 8.C, 8.E, 9.A and 9.C of Franchise Agreement	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operations manual	Sections 3.C, 5.B, C, D, E, F, G, H, I, J, L, M, T and U of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 3.C, 5.F, 5.G, 5.H, 5.M and 7.H of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 3.C, 3.D, 5.C, E, F, G, H, K, M, T and U of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 5.F, G and H of Franchise Agreement	Item 8
k. Territorial development and sales quotas	Section 3.D, 3.H and 5.H of Franchise Agreement	Item 11
l. On-going product/service purchases	Sections 5.F, G, H, P, Q, S and T of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 5.D, E, F, G and H and Section 6 and Section 8.B of Franchise Agreement	Item 8
n. Insurance	Section 5.I of Franchise Agreement	Items 7 and 8
o. Advertising	Section 5.L of Franchise Agreement	Item 6, 7 and 11
p. Indemnification	Sections 5.I, 5.M, 7.D, 8.E and 10.C of Franchise Agreement	Items 6, 8 and 13
q. Owner's participation/management/staffing	Section 3.D of Franchise Agreement	Item 15
r. Records and reports	Section 5.J of Franchise Agreement	Items 6 and 8
s. Inspections and audits	Section 5.J of Franchise Agreement	Item 6
t. Transfer	Section 8 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 6 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 7.E through I of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 5.K and 7.G of Franchise Agreement	Item 17

Obligation	Section in Agreement	Item in Disclosure Document
	Agreement	
x. Dispute resolution	Section 9 of Franchise Agreement	Item 17
y. Security Interest	Section 5.V of Franchise Agreement	Not applicable
z. Guaranty of franchisee obligations	Section 13 of Franchise Agreement	Item 15

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

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 ninety 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 thirty 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 7.B). 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 carry out and delivery restaurant and 2,000 to 3,500 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 5.A and B.)

(2) Provide an initial training program for the operation of the Franchised Business using the ROSATI'S PIZZA System. (Franchise Agreement - Section 4.A.) (See below.)

(3) Provide pre-opening and opening supervision and assistance by our personnel at your location. (Franchise Agreement - 4.B.)

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

(1) Provide you a continuing advisory service by telephone or at our corporate office concerning the operation of your Franchised Business. (Franchise Agreement - Section 4.C.)

(2) Furnish you, at your request, additional assistance beyond our standard support. (Franchise Agreement - Section 4.D.) (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 5.L.) (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. 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 5.H.) The Franchise Operations Manual currently has 293 pages. There are 13 pages devoted to an introduction to the Franchised Business, 42 pages for pre-opening procedures, 82 pages to human resources, 100 pages to daily operating procedures, 37 pages for managing the Franchised Business and 19 pages for advertising. 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 5.L.) (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 five 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 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 5.L.) (See Item 6).

Within 3 months of the opening of your restaurant, we recommend you spend a minimum of \$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.

Websites (as defined below) are deemed “advertising” under the Franchise Agreement, and will be subject to our approval. The term “Website” means an interactive electronic document, contained in a network of computers linked by communications software, which you operate or authorize others to operate and that refers to the Franchised Business, the Marks, us and/or the System. The term Website includes, but is not limited to the Internet and World Wide Web pages. In connection with any Website, you must: (i) before establishing the Website, you must submit to us, for a 45 day review and approval period, a sample of the Website format and information in the form and manner we may reasonably require; (ii) you must not establish or use the Website without our prior written approval. If we require, you must establish your Website as part of our Website and/or establish electronic links to our Website; and (iii) if you propose any material revision to the Website or any of the information contained in the Website, you must submit each such 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 3 complete hardware and software restaurant systems. 1. The PDQ system which costs approximately \$20,000 and we have used since 1990; 2. The FoodTech system which costs approximately \$20,000 and will be used for the first time in 2012; or 3. The Arrow system which costs approximately \$14,000 and we have used since March, 2009. These prices can be substantially reduced based on the number of stations, providing trade-ins, or purchasing used hardware. The approximate annual cost for maintaining a POS system is \$1,200. 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. You must obtain high-speed communications access for your computer system, such as broadband, DSL or other high-speed capacity. 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. The registers collect detailed sales information and can generate various sales reports. There are no contractual limitations on our right to access this information and data. In the future you may be required to use computer systems, software or web based platforms that will allow us to have independent access to your data. We are not obligated to repair the computer systems. No organization has the contractual right or obligation to provide maintenance, repairs, upgrades or updates. 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 5.C) 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 the Franchise Agreement will automatically terminate. (Franchise Agreement - Section 5.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 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 4.A.)

We expect that initial training will be conducted for you and your employees at one of the ROSATI'S PIZZA restaurants in the Chicagoland area or in the Phoenix, Arizona area approximately 6 to 9 months after you sign your Franchise Agreement. 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*	Hours of On-the-Job Training	Location
Introduction Menu Immersion Order Taking	0	16	Chicagoland or the Phoenix, Arizona area
Review Prep & Kitchen Safety	2	84	Chicagoland or the Phoenix, Arizona area
Review Cooking Line Pizza Oven	2	120	Chicagoland or the Phoenix, Arizona area

Subject	Hours of Classroom Training*	Hours of On-the-Job Training	Location
Cutting Expediting Packaging			
Review Ordering Inventory Stocking Storage	1	24	Chicagoland or the Phoenix, Arizona area
Review Front of the House Bookkeeping Hiring Labor Management	3	60	Chicagoland or the Phoenix, Arizona area
Review Marketing	4	16	Chicagoland or the Phoenix, Arizona area
Review & Exam	0	1	Chicagoland or the Phoenix, Arizona area
Pre-Opening & Opening Shift Management; Administrative/Operations Management, Inventory, Food Costs, Equipment Maintenance, Personnel, Compliance, Safety, Marketing, POS, and Opening and Closing Procedures Review	0	32	Your Premises
Pre-Opening & Opening Shift Management; Pizza & Prep Cook Preparation and Production and Cooking Techniques Review	0	32	Your Premises
Pre-Opening & Opening Shift Management; Line Cook & Counter Staff Production, Delivery Drivers and Cooking Techniques Review	0	32	Your Premises

*Hours of Classroom Training may occur On-the-Job.

The instructors for training can include any of the following: Joseph Fiore, David Naskrent, Thomas J. Banning, Michael Rosati, Ray Czernek, Edward Mark Suma and Brent Rosati. See Item 2 for the background information on the trainers. The Franchise Operations Manual and our Recipe 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.

Ongoing/Refresher Training. You must participate, if we require, in up to 5 days per calendar year in refresher training in the operations and marketing of the Franchised Business. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. (Franchise Agreement – Sections 5.P and 5.Q.) 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.

12. **TERRITORY**

You receive a franchise for a specific location at the time you sign your Franchise Agreement or you must select a location within 90 days after the date of the Franchise Agreement with 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 between 0 to 4 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, 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 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.

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 are excluded from your Protected Area. We retain the right to open ourselves or through an affiliate a ROSATI'S PIZZA restaurant at any of these facilities or venues wherever the facility or venue is located, in order to service the facility or venue, or grant licenses for others to do so. In the event we or an affiliate decide to open a ROSATI'S PIZZA restaurant at any of these facilities or venues, or grant a license for others to do so, the delivery and service area of the Franchised Business will be automatically adjusted to exclude the facility or venue.

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 \$20,000 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.

13. TRADEMARKS

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

Description of Mark	Registration Number	Registration Date
ROSATI'S PIZZA	1,906,101	July 18, 1995
ROSATI'S PIZZA with Design	1,934,683	November 14, 1995
ROSATI'S ESTABLISHED 1964 AUTHENTIC CHICAGO PIZZA with Design	3,113,554	July 11, 2006

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.

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 licensed the nonexclusive right 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).

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."

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 will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any 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.

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.

You will be entitled to use of the copyrighted and proprietary materials during the term of the franchise. 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.

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. All managers must pass the initial training program 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.

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.

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.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 6	10 years
b. Renewal or extension of the term	Section 6	If you have substantially complied with the Franchise Agreement, you can renew for successive additional 10 year terms.
c. Requirements for franchisee to renew or extend	Section 6	Provide timely written notice of intent to renew, sign new franchise agreement and general release, 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

Provision	Section in franchise or other agreement	Summary
		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 7.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	Section 7	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Sections 7.B and 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; 6 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 operational memoranda or use of bad faith in carrying out terms of these franchise provisions.
h. "Cause" defined – non-curable defaults	Section 7.B	Non-curable defaults: misrepresentations on application; failure to pass the training program; failure to locate a site and obtain our approval of the site and to provide us with a copy of your fully signed lease within 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 7.E	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;

Provision	Section in franchise or other agreement	Summary
		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; adhere to non-competition provisions. (also see r, below)
j. Assignment of contract by franchisor	Section 8.A	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 8.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 8.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 8.B	Transferee qualifies; all amounts due are paid in full; you are not in default; the transferee complies with and completes training requirements; you hire an escrow agent approved by us; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment, if necessary; general releases signed; and right of first refusal declined by us. (Also see r below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.D	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 7.F	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.
p. Death or disability of franchisee	Section 8.E	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 5.K	No restaurant featuring pizza or other food items on the then current ROSATI'S PIZZA menu, nor an organization franchising a similar business.
r. Non-competition covenants after the franchise is	Section 7.G	No restaurant featuring pizza or other food items on the then current ROSATI'S PIZZA

Provision	Section in franchise or other agreement	Summary
terminated or expires		menu for 2 years within 20 miles of your former restaurant location, or within 20 miles of any other ROSATI'S PIZZA restaurant. No organization franchising a similar business for 2 years. No 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.D and 5.H	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 11.D	Only the terms of the Franchise Agreement (including System Standards in the Franchise Operations Manual) are binding (subject to state law). Any statements or promises not in the Franchise Agreement or this disclosure document should not be relied upon.
u. Dispute resolution by arbitration or mediation	Section 9.B	Except for certain claims, all disputes must be arbitrated in the city where our headquarters is located when the proceedings are conducted.
v. Choice of forum	Section 9.F	Court litigation must be in any Illinois state court of general jurisdiction or a federal court for Elgin, Illinois (subject to state law).
w. Choice of law	Section 9.F	Except for Federal Arbitration Act and other 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.

18. **PUBLIC FIGURES**

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

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.

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.

20. OUTLETS AND FRANCHISEE INFORMATION

**Systemwide Outlet Summary
For Years 2009 to 2011**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	94	100	+6
	2010	100	94	-6
	2011	94	97	+3
Affiliate-Owned	2009	13	12	-1
	2010	12	12	0
	2011	12	12	0
Total Outlets	2009	107	112	+5
	2010	112	106	-6
	2011	106	109	+3

**Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2009 to 2011**

State	Year	Number of Transfers
Arizona	2009	2
	2010	3
	2011	3
California	2009	0
	2010	0
	2011	0
Colorado	2009	0
	2010	0
	2011	0
Illinois	2009	4
	2010	2
	2011	3
Missouri	2009	0
	2010	1
	2011	0
Total	2009	6
	2010	6
	2011	6

**Status of Franchise Outlets
For Years 2009 to 2011**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Arizona (Note 1)	2009	24	2	0	0	0	3	23
	2010	23	3	0	0	0	3	23
	2011	23	4	0	0	0	7	20
California	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	1	2
	2011	2	1	0	0	0	0	3
Colorado	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Illinois	2009	47	5	0	0	0	0	52
	2010	52	1	0	0	0	1	52
	2011	52	4	0	0	0	3	53
Indiana	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Missouri	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	1	2
	2011	2	1	0	0	0	0	3
Nevada	2009	6	2	0	0	0	1	7
	2010	7	0	0	0	0	2	5
	2011	5	0	0	0	0	0	5
Ohio	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
Texas	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	0	2

Wisconsin	2009	7	0	0	0	0	0	7
	2010	7	1	0	0	0	2	6
	2011	6	2	0	0	0	0	8
Totals	2009	94	10	0	0	0	4	100
	2010	100	5	0	0	0	11	94
	2011	94	13	0	0	0	10	97

Explanatory Notes to Table:

(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.

**Status of Affiliate-Owned Outlets
For Years 2009 to 2011**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Illinois	2009	11	0	0	0	1	10
	2010	10	0	0	0	0	10
	2011	10	0	0	0	0	10
Kansas	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Nevada	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Totals	2009	13	0	0	0	1	12
	2010	12	0	0	0	0	12
	2011	12	0	0	0	0	12

**Projected Openings
As of December 31, 2011**

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	0	4	0
California	0	2	0
Florida	0	4	0
Illinois	1	3	0
Indiana	0	1	0
Nevada	0	1	0
Wisconsin	0	1	0
Total	1	16	0

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, 2011. Currently 7 of the operating franchisees listed on this exhibit are on agreements different from our standard form franchise agreements and 11 currently do not have a written agreement with us.

Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses which are not yet operational as of December 31, 2011.

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, 2011, 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, 2011.

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.

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

21. FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal years ending December 31, 2011, December 31, 2010, and December 31, 2009.

22. CONTRACTS

Exhibit E contains the Franchise Agreement with Exhibit A Franchise Location and Protected Area, Exhibit B Security Agreement, Exhibit C Statement of Owners, Officers and Managers, and Exhibit D Guaranty

and Assumption of Obligations. 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.

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.